Germany

holds key

to farm

prices

accord

Tuesday April 2 1985

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### World news

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# **Duarte** claims election victory

President José Napoleon Duarte's ruling Christian Democrats ruling Christian Democrats claimed a decisive victory in El Salvador's national assembly elec-tions. In early, unofficial projections they looked set to gain an overall majority in the legislature, which had been controlled for the past three years by the country's

A victory for President Duarte would be interpreted as a clear mandate for his peace initiative to end the five-year-old civil war with the country's left-wing insurgents by political negotiations and for his reform programme in the country-side, Page 24

### Iraqi air attacks

Iraqi warplanes killed at least 22 people and wounded 76 in attacks on two residential areas of Tehran. Iran gave no indicatinn that it planned to accept an offer of media-tion in the Gulf War from Javier Perez de Cuellar, United Nations Secretary-General Page 5

### Langa inquiry

The commander of the South African police who killed 19 black peo-ple at Langa last month told a judicial inquiry that he had seen only one woman throw a stone before he gave the order to shoot.

### U.S. defence audit

U.S. House of Representatives Armed Services Committee is to audit seven big defence contractors after overcharging scandals involving General Electric and others. Page 6

### **Body found**

The body of Fr Nicholas Kluiters, the Dutch Jesuit priest kidnapped in Lebanon's Bekaa Valley on March 14, was found near a village north of Baalbek.

### Assassination bid

Liberian leader Samuel Doe esshot at in an assassination attempt outside the executive mansion in

### Strikers defiant

At least 100,000 Danish workers defied a government order and re-mained on strike for the eighth day. The dispute, over wages, has crip-pled the Danish economy. Page 24

### **Doctors** strike

A further 700 doctors at two hospitals in Khartoum came out on strike in protest over alleged police brutality in quelling food riots last week. Striking doctors claimed that several colleagues had been arrest-

### Soviet arms talks

P. V. Narasimha Rao, India's Defence Minister, met Soviet military leaders in Moscow for talks about the purchase of Soviet weapons.

### Students shot

Israeli security forces shot and wounded four Palestinian students at Bethlehem University on the occupied West Bank.

### Polish price rises

Polish authorities imposed the second round of price rises within a month in the face of opposition from the banned Solidarity labour movement and the officially sponsored trade unions. Page 3

### 'Threat' to Opec

Sheikh Ali Khalifa al-Sabah, Kuwait's Oil Minister, attacked Opec countries' use of barter deals to sell oil. He said they posed the "gravest

### threat to Opec.

Rugby tour doubt of the proposed tour of South Africa available for this edition due to a by the All Blacks rugby team.

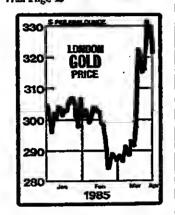
# Business summary

# Call for German offshore banking

WEST GERMANY should allow the creation of "offshore" banking cents in its territory to boost its role in in-ternational finance, Dr Walter Seipp, chief executive of Commerzbank, said. Page 24

DOLLAR was firmer in London, rising to DM 3.12 (DM 3.0825), SwFr 2.64 (SwFr 2.6025), FFr 9.47 (FFr 9.405) and Y252.65 (Y251.05). On Bank of England figures, the dollar's exchange index rose to 148.6 from 145.9, Page 45

STERLING was mixed in London, falling 1.5 cents to \$1.2325. It also weakened to FFr 11.59 (FFr 11.655) and Y308.5 (Y310.0), was unchanged at DM 3.81 and improved to SwFr 3.23 (SwFr 3.215). The pound's exchange index was unchanged at change index was unchanged at 77.2. Page 45



GOLD fell \$8.875 on the London bullion market to close at \$321,125. It was also weaker in Zurich at \$321.25. Page 44

LONDON equities attempted to rally but the FT Ordinary index finished 0.5 down at 983.8. Gilts moved lower. Section III

WALL STREET: By 2pm, the Dow Jones industrial average was up 3.54 to 1,270.32, Section III

TOKYO shares moved ahead with Mr Lawson, addressing the the Nikkei Dow market average American Chamber of Commerce,

WEST GERMANY cut tax on unleaded petrol in a move to encourage low-pollution cars. Unleaded etrol was reduced by two pfennigs a litre (2.3 cents a U.S. gallon) while ordinary-grade leaded petrol rose by the same amount.

ISRAEL: Goods and services prices were raised by 20 per cent and frozen for two months as part of the Government's effort to control infla-

CANADIAN Government is planning the sale of three state-controlled companies, Canadair, de Havilland Aircraft of Canada and Eldorado Nuclear, the uranium producer. Page 25

ILS. SENATE finance committee will today consider legislation requiring retaliation against imported Japanese telecommunications, electronics and motor industry prod-

ucts. Page 7 NEW ORDERS received by U.S. factories fell by 0.2 per cent in February as a result of the drag on the economy caused by rising imports. It is the seventh such decline in the

nast 11 months.

COMMERZBANK'S interest earcings fell but commission income rose in the first two months.

FCA, the troubled U.S. financial group that owns the country's largest savings and loan association, reported losses of \$512.1m for the fourth quarter and \$590.5m for the full year. Page 25

SNECMA, the French state-owned aircraft engine manufacturer, pro-duced 1984 earnings of FFr 40m (\$4.08m), compared with a loss of FFr 38.5m. Page 27

David Lange, New Zealand Prime WE REGRET North American Minister, called for the cancellation stock market listings were not

# U.S. warns Europe on independent defence stance

THE U.S. Administration bas officially expressed concern about new attempts being made by European governments to co-ordinate their delence and arms control policies, espondent, in London.

Mr Richard Burt, the senior U.S. official in charge of European af-fairs at the State Department, is understood to have sent a letter to the seven member governments of the Western European Union (WEU) cautioning them not to try to reach a common position on arms control matters outside the Nato frame-

The letter followed a meeting held between senior foreign office officials of the seven countries in Bonn in February. The meeting was sions. Even before the letter from the first of its kind within the WEU, Mr Burt had been received, they ap-

cided to revive in an effort to

main meeting of the revived organisation in Bonn on April 22-23. The Bonn session of WEU officials was preparatory to the April meeting but it is also believed to have dis-cussed the possibility of institution-alising defence co-operation at offi-cial level, much as, for example, the political directors of member countries of the EEC hold regular consultations.

European officials say their February meeting reached few conclusions. Even before the letter from

the 30-year-old organisation which parently decided to await ministeri- participate in the 526bn research the seven governments last year deal approval for any future meeting. phase of SDI. the seven governments last year de- al approval for any future meeting.

The issue has, however, struck a The foreign and defence ministers of the WEU will bold their first U.S. response means that Washington is prepared to see a revival nf cepts that Europe should use the WEU as a means of improving its contribution to Nato's conventional defences but not as a vehicle for coordinating its policies on more sensitive issues, such as the controver-sial Strategic Defence Initiative (SDI) – the so-called star wars pro-

> Some European governments see such co-ordination as particularly important in the light of the recent U.S. invitation that they should

The seven governments in WEU strengthen European defence co-op- raw nerve in the tense relations be- have long been aware of American tween Europe and the U.S. Some sensitivity on the issues of European officials believe the sharp pean defence co-operation. They pean defence co-operation. They have sought publicly and privately to present the revival of WEU as a WEU only on its own terms. It ac- means of strengthening the "European pillar" of the Nato alliance as a whole and as in no way an anti-

American gesture.
In the past, Washington bas publicly welcomed these statements and has appeared to encourage WEU's revival, but the speedy and sharp reaction to what appears to have been rather an inconclusive meeting in Bonn, seems to put clear limits on U.S. support for the re-launched WEU. The tough and hitherto private

UK post strike

looms after

BY DAVID GOODHART IN LONDON

The country's largest sorting of-

fice, Mount Pleasant in London,

was at a standstill last night after a

They walked out in defiance of an

injunction obtained yesterday by the Post Office under the Conserva-

tive Government's trade union

tions Workers (UCW) may first rec-

ommend a national ballot on strike

leagues were suspended by the Post Office for refusing to operate an

optical character recognition (OCR)

The machine has become the trig-

ger for a much wider dispute be-tween the Post Office and the UCW

over working practice reforms and

particularly management's inten-

tion to increase the number of part-

The Post Office underlined its de-

termination to introduce the package of changes - with or without

union agreement - by successfully

applying for an injunction under

the terms of the 1984 Trade Union

Act because of the failure by the

Mr Alan Tuffin, the UCW general secretary, however, said last night: "I will be recommending to the ex-

ecutive today that we hold a ballot

As the injunction extends to any

union to hold a strike ballot.

at Mount Plea

mail to and from the UK.

strike by 700 postal workers.

treating the forthcoming WEU min-isterial meeting with such caution. Ministers are expected to ap-

rove the report of a working group that has recommended changes in WEU's structure. Those are in-tended to put new political impetus behind the moves to step up the cooperative production of arms, as well as to strengthen co-operation on arms control and disarmament.

tary-General, the respected Mr Al-fred Kahen, the political director in the Belgian Foreign Office, is also

Old rivalries dog Nato, Page 2; Defence budget cuts, Page 6

winning a dispute against a deter-mined employer fully backed by a Government which has indicated

its readiness to suspend the Post

Office's monopoly on the movement

In Parliament an attempt by a Labour MP, Mr John Ryman, to call

for an emergency debate on the is-sue was turned down by the Speak-er of the House of Commons. A

number of Conservative MP's have

been pressing for privatisation of the Post Office, but no decision has

Gatwick airports will have to be di-

mail from London to elsewhere in

the UK and to London and south-

east England from other parts of

for a boom in business.

### By Ivo Dawnay In Luxembourg EEC FARM ministers resume The appointment of a new Secre-

their talks on farm prices for 1985-86 yesterday in the knowledge that any bopes of a breakthrough depend largely on a change in attitude from their West German colleague, Herr Ignaz Kiechle. The circus wars not be seed boxes. signs were not good, bowever.

Herr Kiechle appears to be stick-ing firm to his belief that West Ger-man farmers have suffered enough,

despite a visit to his Bavarian farm over the weekend by his friend Sig Filippo Pandolfi, Italian president of the Agriculture Council. The West German minister's position is understandable, however, as on it may hang his political fu-

During the past few months, he has repeatedly assured West German farmers that they will not face any cuts in cereals prices this year. His reasoning is rooted in figures which show falls in West German farm incomes over the past decade BRITAIN'S postal system is threatened with national industrial action without a ballot, the traditionally in a dispute which could disrupt air pragmatic UCW leadership may alin comparison with other Community farmers. This is largely a result of agri-monetary factors and relatively higher rents and land prices.

According to the Government, farm incomes fell by a dramatic 18.2 per cent in 1983-84, and imso decide to back a national strike Even backed by a positive ballot result, the union has little chance of

proved by less than 10 per cent last year despite substantial direct aid from Bonn worth 5 percentage

Herr Kiechle is also weighed down by broader political pressures. As a member of Herr Franz Josef Strauss's strongly agricultur-al Christian Socialist party, he has suffered intense criticism for approving the punitive superlevy agreed by ministers last year on excess milk production.

Consequently, with some backing from the Benefix countries, he is now fighting to revoke an agreement to a further 1m tonne cut in Community output for 1985-88. The Christian Democrats - senior

been taken by the Cahinet. The most likely part of its operations to partners in Bonn's coalition - are go to the private sector would be National Girobank. also determined not to have to add further to the DM 18bn (\$5.7bn) Mount Pleasant handles about state aid for a seven-year pro-gramme which was agreed at last 18m letters a week. Its effective closure means that air mail routed June's Fontainbleau summit in the through London's Heathrow and ce of opposition from Comm verted and, thus, probably delayed. The action will immediately hit

Despite these pressures, Herr Kiechle finds himself up against a largely unsympathetic Farm Coun-cil. The European Commission's price proposals - valued overall at an average 0.3 per cent rise in Euro-

Continued on Page 24 Spaniards look at the EEC; Lisbon celebrates, Page 3; EEC enlargement, Page 22

Mr Keith Baldry, Mount Pleasant controller, said efforts were being made to divert mail due to pass through the office to other sorting Continued on Page 24 Odds piled against union, Page 8; Problems for dairy machine Editorial comment, Page 22 makers, Page 15

# strength of £ justified cut By James Buxton in Rome THE ITALIAN Government, reelin base rates

BY PHILIP STEPHENS AND MAX WILKINSON IN LONDON

Lawson says

MR NIGEL LAWSON, the UK Chancellor of the Exchequer, de-clared yesterday that the recent falls in British interest rates had been "fully justified" by sterling's strong gains against other leading His comments were seen in the

London markets as indication that the Government would like to see Barclays and Midland Banks join the two other leading UK clearing banks, National Westminster and Lloyds, in lowering their base lending rates to 13 per cent.

Mr Robin Leigh Pemberton,
Governor of the Bank of England,

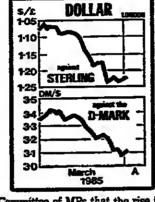
made clear, however, that the anthorities remained wary of letting interest rates fall too quickly below that level because of inflationary pressures in the economy.

reaching another record with a gain | said there was no "mechanical formula to decide the appropriate combination of exchange rate and growth in the domestic money supply to keep financial policy on The 10 per cent appreciation in

the pound's value since late February made the very high levels to which interest rates were raised in January no longer necessary to maintain monetary conditions that will continue to bring down infla-Base rates rose to 14 per cent in

January when the pound was under strong pressure on foreign exchange markets, but came down to 13% per cent just after the budget before National Westminster announced the cut to 13 per cent last

Mr Leigh Pemberton told the all-



Committee of MPs that the rise in interest rates before the budget had been "substantially exaggerated by the situation in the exchange mar-

He cautioned, however, that the recent strength of sterling did not rapidly down again. The immediate prospects for inflation had worsened, partly because of the earlier ning of the exchange rate but partly because wage costs had ac-celerated. He said he was also worried about the rapid increase in bank lending which had risen by 20 per cent in the past six months. The Governor told the committee "It is of the essence of the monetary framework ... that if inflation rises, interest rates will be firm."

Mr Leigh Pemberton said he welcomed Mr Lawson's "re-statement" of the importance of the exchange

Page 45

### Rome steps up bid to avoid wages **London walkout** referendum

ing from the shock of last week's murder of a leading economist by left-wing terrorists, is stepping up efforts to avoid the referendum on wage indexation planned for June. Professor Ezio Tarantelli, who

was shot by the Red Brigades in Rome last week, was closely in-volved in the reform of the scala mobile wage indexation system and the Red Brigades made clear that it was because of that that he was killed.

legislation.

The action could spread throughout most of the postal system, alchough today's meeting of the extension to the postal system, alchough today's meeting of the extension to be already gearing up to a boom in husiness. The Government is hoping to de feat the aims of the re-emerging Red Brigades by reforming the inecutive of the Union of Communicadexation system by consensus. That would make the referendum unne-The sorters at Mount Pleasant walked out when four of their col-

It is also trying to exploit the op-position Communist Party's unease over the murder, since it was they who campaigned for the referen-dum on last year's temporary cut in the scala mobile. Sig Gianzi de Michelis, the Min

ster of Labour, said at the weekend that a Bill would soon be presented to parliament to reform the scala mobile and thereby avoid the ref-erendum. Although he gave no deal is be tail moving the system's triggering from three months to six months. Such a Bill, however, can win

parliamentary approval in time only if it has the support of the Com-munists. Sig de Michelis must also overcome the deep reservations of the employers and the divided union movement. Yesterday he resumed contacts with both sides of industry in an effort to get negotiations going.

The referendum has become inextricably tangled with the gather-ing campaign for the regional and municipal elections, to be held on May 12. Those elections will deter-

### rate as an indicator of monetary policy. That remark to the commit although carefully qualified mine not only the fate of the 19-Continued on Page 24 month-old government of Sig Betti-Lex, Page 24; Money markets, Continued on Page 24 party Treasury and Civil Service

# Belgian and French groups buy Westinghouse stake in ACEC

conglomerate, and Société Génerale de Belgique, a broadly based holding company, is making its first

industrial foray.

The two groups are taking control of ACEC, a leading Belgian engineering group which is in the process of transformation from a heavy industry specialist into the fields of telecommunications, robotics and biotechnology.
Westinghouse Electric of the U.S.

is selling the two groups its 42 per cent stake in ACEC, it was announced yesterday. The price was not disclosed but is thought to be

Société Générale already holds 9.59 per cent of ACEC shares. That already shown interest in those has paid no dividends since 1988.

THE NEW advanced-technology alliance of Compagnie Générale shares are being placed in a holding CGE subsidiary. ACEC is also a d'Electricité (CGE), the state owned French engineering and electronics ciété Générale and 35 per cent by agreement with L.M. Ericsson of

The two groups are also tightening the alliance they made last sum-mer to foster high-technology developments in areas such as telecommunications by establishing auother holding company in France. CGE will hold 65 per cent of the equity and Société Générale 35 per

One of the first targets for the alliance, and its new acquisition, will be contracts for digital telephone equipment, worth some BFr 100bn (\$1.61bn) which the Belgian authorities are due to start distributing CGE and Société Générale have

Sweden. Most Belgian telephone exchange equipment has hitherto been supplied largely by subsidiarles of two U.S. groups, Bell Tele-phone and GTE-ATEA.

Westinghouse said yesterday that it was disposing of its ACEC stake because the holding no longer fitted in with its corporate development. But ACEC remains a licensee of Westinghouse and the two are together seeking nuclear power con-

Westinghouse, which took a majority holding in ACEC in 1970 and has since run it down, has never received a dividend, however. ACEC

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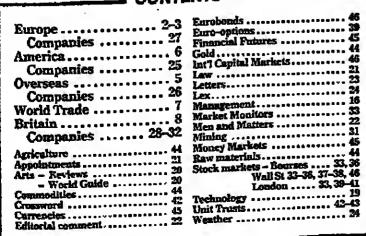
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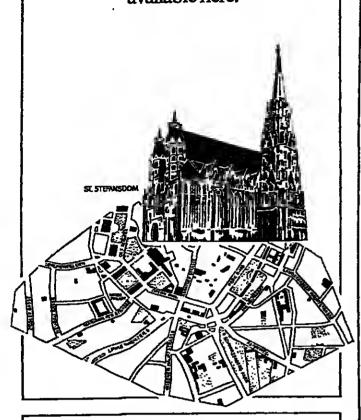
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For further information please contact Bernd Wokurka Tel. Frankfurt 75980

Bridget Bloom looks at the crucial Anglo-German role in defence collaboration

# Old rivalries dog Nato weapons co-operation

BRITAIN'S Tornado aircraft, being built jointly with Germany and Italy, cannot be

New German military heli-copters will not be refuellable at British bases, since Nato allies cannot use each other's pressure refuelling equipment.
Not even the pallets, which hold
critical stocks in time of war,
are of standard design between
Britain and Germany or the
other major ellies; nor yet is bridge building equipment.

If these uncomfortable facts are taken as e guide—and they were instanced before a bigh level seminar on European defence co-operation in Bonn recently by both British and German officials—Anglo German defence co-operation has a very long way to go.

Yet in a formal opening speech to the seminar, Sir Julian Bullard, Britain's Ambassador to Bonn, spoke of Anglo-German defence relations in the most glowing terms. Europeen multiglowing terms. Europeen multi-lateral defence co-operation was underplaned by e web of bilateral relationships, Sir Juian said, with Anglo-German co-operation providing an "impressive model both at the political and practical level." It offered, he said, a convincing response to American exhorta-tions that the Europeans should

strengthen defence colleboration between European members of between European members of much more progress will be Nato, and its limitations and possible than in the past. achievements provide eloquent testimony to the difficulties that this will involve. The present Anglo-German relationship illustrates some of the areas of promise, and of

The Anglo-German seminar, difficulty.
jointly sponsored by the Deutsche Stretegie Forum and the British Embassy, was a sign describes it: the presence of

The first of its kind, it was cluding 11,000 RAF personnel) held in advance of two key plus 100,000 dependents and



The three-nation Tornado programme is claimed to be a greater success than is generally realised. But Britain's aircraft cannot be re-armed at the air bases of its West German and

give new impetus to European defence collaboration. On April 22, foreign and defence minis-ters of the seven nation Wes-tern European Union meet in Bonn to agree a new political structure for the 35-year-old organisation, while in June, Nato's European defence minis-ters will meet in the independent European Programme Group (IEPG) to endorse a programme of action for much wider production of defence

offered, he said, a convincing response to American exhortations that the Europeans should "get their act together."

Which is the correct picture? There is truth in botb, of course. Anglo-German cooperation is e critical component of current efforts to strengthen defence colleboration with U.S. defence lindustries, much more progress will be Some observers helieve these

the areas of promise, and of

describes it: the presence of nearly 72,000 British troops (in-

other civilians, gives Britain a military presence second only to the U.S. with far fewer problems.

American programme is now in some doubt.

Of the other two current projects, production of the

field, however, progress has been patchy, Sir Julian Bullard noted that Germany spent more on equipment collaboration with the UK than with any other ally, but figures are hard to come by. Britain's overall trade in defence equipment (which is not the same thing) is put by Britain at about £500m last very Cortainly AppleCorman year. Certainly Anglo-German collaboration is dominated by the Tornado project: ontside thet, there are only four medium sized equipment programmes which involve Britain

and Germany—though not on a bilateral basis. Two of these—the MLRS or multi-leunch rocket system, (Nato's updated answer to the Soviet Stalin organ) and the Sidewinder missile involve can weapons. The successful Sidewinder programme, which also involves Italy and Norway, is giving way to split European-

advanced short range medium range air-to-air missiles (known as ASRAAM AMRAAM), eltbough

to the U.S. with far fewer or other two current problems.

In the defence procurement Field howitzer 70 bas done well, its planned successor, the 70, a self-propelled howitzer, has been a disaster: 12 yeers in development, about £150m spent with both technological problems and the lack of a prime contractor bedevilling current attempts to start pro-

German and British ministers maintain that Tornado is a much more successful gramme than is commonly allowed, both in terms of the aircraft's performance and the

ment, noted Europe's need ment, noted Europe's need at the heart of Europe's dif-to progress from the present ficulties over defence co-"ad hoc and patchy patterns of collaboration" to a more systemebe process for securing wider and more permanent col-

figure which is partly explained by Britain's bigger defence industrial base.

Impressive lists of new projects on which collaboration is being studied exist in both Bonn and London. A few, like the third generation anti-tank weapon, have gone beyond the study phase, while others, like a new main battle tank for Nato. a new main battle tank for Nato. may not make progress for

another generation.

For all the talk of giving defence collaboration new impetus. what is not yet clear is whether either political or industrial leaders of the main European countries are yet ready to overcome old rivalries. Perhaps in the end the most remarkable thing about the Anglo-German seminar was that the principal reason it was supported by the Foreign Office was apparently fear that Germany's burgeoning France would overshadow that

with Britain.
Gen Sir Nigel Bagnall, commander of UK forces in Germany, put it most bluntly when he foresaw "a danger that Franco-German co-opera-tion could result . . . in an increasingly bilateral approach to defence co-operation " being developed between France and Germany which would meen, he claimed, that Britain would be obliged to look elsewhere for colleboration ventures."

Anglo-French rivalry and project's management.
Mr Adam Butler, British minister for defence procure at an industrial level, is surely

operation.
It has produced its own "eternal triangle" es the two nations vie for the favours of wider and more permanent col-laboration"— a need certainly evident in the Anglo-German experience. Pert of the prob-lem is a difference of approach —officials say that overall Germany spends some 50-60 per cent of its equipment budget on collaborative projects, compared to Britain's 10-15 per cent, a

Greens score another own goal giards

By Rupert Comwell in Bonn

A ROW over sex with children has cast an unfortunate shadow over efforts by West Germany's left-wing Greens to close ranks before the crucial state election in North Rhine Westphalia in just over a

was settled in Boan over the weekend when a special congress of the party voted to overtura an carlier move by Green delegales in the state itself. That move would have demanded that such practices no longer being considered n criminal offence be made an explicit plank in their electoral programme. At present sex with children under 1-1

is illegal. But the subsequent reversal came amid such tumult that many Greens fear that the lingering controversy may seriously jeopardise their party's nttempt to secure the vital 5 per cent of the popular vote on May 12, which would ensure them representation for the first time in the regional parliament of West Germany's most populous

"We have got ourselves into a situation somewhere between plain lunacy and dangerous reaction, was one of the milder comments to be heard. The congress, often almost beyond control, was punctuated by exchanges, not only of abuse. but also of weaponry such as mustard tubes and water pistols, be-

tween the contending factions.

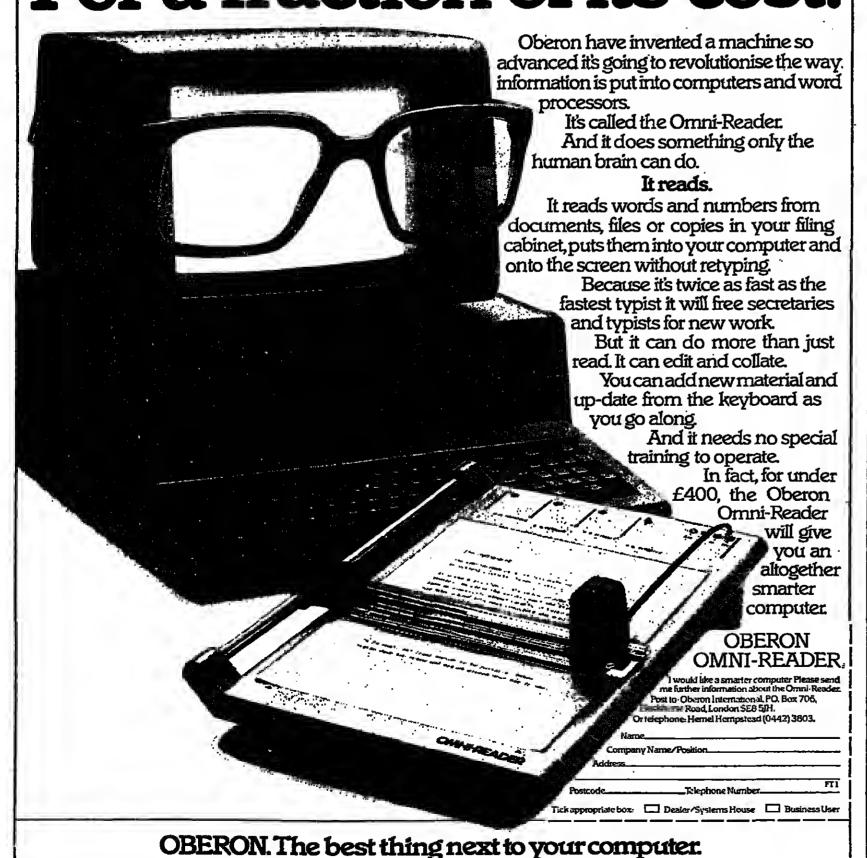
The rumpus is the second political own goal in as many months by the Greens, at a moment - for the first time in several years - when their popular appeal is showing signs of weakening.

Earlier this year the party laid itself open to criticism from all quarters when a group of its MPs appeared to take a sympathetic line to far-left terrorists, at the time of the murder of a leading aerospace in-dustry executive by members of the Red Army Faction (RAF) extremist

That episode is widely credited to have contributed to the surprisingly poor showing of the Greens in the Saarland state election in February, when they failed ignominiously to reach the 5 per cent threshold, and in fact fared worse than five years

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# Irish spending soars THE IRISH Government may have guide to the final outcome, and that

BY BRENDAN KEENAN IN DUBLIN

struggle to meet its financial targets for this year, according to firstquarter figures released yesterday. These show that more than half the targeted current deficit of Ir£1.2hn (\$1.2hn), had been incurred in the first three months of 1985.

The Government has already aised half its total Irc2bn Excheyear, over IrE700m of which was porrowed abroad.

Officials stressed that firstmarter figures were not n reliable

technical factors had come into play. But they are worried that tax receipts have fallen about 5 per cent below target.

It is also the first time since 1982, when there was a massive overrun. that first-quarter figures have represented more than 50 per cent of the annual target. On this hasis, Mr Alan Dukes, the Finance Minister, warned that a review of spending plans and taxation later in the year could not be ruled out.

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### **EUROPEAN NEWS**

# Spaniards scrutinise EEC terms

THE COMMON MARKET? "Of said course I am interested," said course I am interested," said.

"Sweden, which is a very developed country, did not want to join," he pointed out. "There neat pile of oranges, "But I can't say I'm thrilled."

Now that the terms for Spanish and Portuguese membership have finally heen agreed, many ordinary ordinary ordinary said.

"Sweden, which is a very fruit, will only buy a kilo and a available to emigrant workers: half."

Politicians and the Press have been close to emphoric about the conclusion of negotiations, and Spaniards accustomed to travelling abroad relish the small farmers, many small busithought that they will soon no nessmen—fear for their livelilonger have to stand in the

hership have finally heen agreed, many ordinary spaniards are asking what they will get out of It.

"You tell me what will happen to my fruit stand," said

The hutcher was pleased travelling abroad relish the thought that they will soon no longer have to stand in the "aliens" queue at airport customs.

But of the promise of FFC funds are the promise of FFC funds

stead of buying two kilos of my or of the high wages then easily

will get out of It.

"You tell me what will happen to my fruit stand," said Sr Lopez. "I don't know. until we are really in, we won't know what's going to happen."

The hardware man in the same covered market in Madrid was frankly worried. The introduction of value-added tax next year would be terrible, he

# Portugal races to implement wide reforms

THE PORTUGUESE Government is starting sweeping civil service reforms in preparation for EEC accession. At the moment, according to Sr Rui Machete, the Deputy Premier, the civil service is in no position for respond to the demands of the respond to the demands of the civil service is in no position from the Community will help after trihutor. This will offset levies to be paid to the EEC on grain imports from non-EEC the poorest, least developed new member with disparate price structures where some for prespond to the demands of the poorest price structures where some for prices are far higher than the price are far higher than t the civil service is in no position to respond to the demands of

has ended eight years of marking time, with few efforts to tackle severe atructural deficiencies. Now, the Soares Administration will race against the clock to implement long-needed measures in administration, industry and agriculture.

\$900m-\$1bn a year.
According to Sr Ernani Lopes, the Finance Minister, who led the last, hardest stage of negotiations, during the six years after accession Portugal will after accession Portugal will limited ability to respond to receive Ecu 1bn (£580m) to EEC challenges. Bluntly, Sr

to respond to the demands of farm prices are far higher than VAT and other contributions, nembership.

Completion of negotiations as ended eight years of markas ended eight years of markgrain imports from the U.S. of to the Ecu 700m programme for Portuguese agriculture lasting ten years after membership.

Like agriculture, Portuguese industry is rife with diminutive, unproductive companies with

Sr Lopes agreed that a serious problem caused by uneven agricultural productivity and prices, is safeguarding farmers' income during the 10-year gradual adjustment of prices to Community levels. Poetwisse farmers munity levels. Portuguese farming associations are already warning that agriculture could collapse after accession.

Portuguese Banking and Finance, Pages 11-14

### Croatia boosts hard currency

By Aleksander Lebl in Beigrade

CROATIA, Yugoslavia's most heavi-ly indebted republic, has boosted its hard currency earnings to the ex-tent that it ran a \$320m current account surplus last year and reduced its debt since 1981 by \$800m to \$3bn, to Mr Ante Markovic, the Prime Minister said.

Croatia's problems were aggravated by the fact that INA, the Yu- lic's Communist Party led to "a goslav oil company and the coun-

# Police to halt Soviet corruption

BY PATRICK COCKBURN IN MOSCOW

ABOUT 9,000 extra police have been sent to the southern Soviet republic of Uzbekistan as part of the hachev, the new Soviet leader, to ABOUT 9,000 extra police have

party leaders and government offi-same Communist leader from 1959 cials in Uzbekistan last summer, but a recent meeting of the repub number of district, regional and

drive against corruption in the re-gion. remove incompetent or corrupt party and administrative officials. Uzbekistan, with a popula-There was an extensive purge of tion of more than 15m, had the

The Soviet press is giving exten-sive publicity to the activities of try's largest enterprise within its borders, borrowed heavily in the early 1980s to pay what amounted to the national oil import bill.

It was party secretaries and heads of ministries' being dismissed, Praverally 1980s to pay what amounted to the national oil import bill.

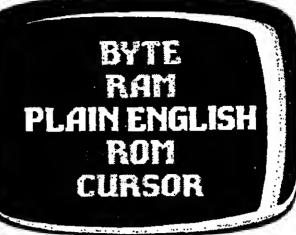
It was party secretaries and heads of ministries' being dismissed, Praverally 1980s to pay what amounted to the official Soviet newspaper, to the national oil import bill.

reappointed to positions of equal authority by their friends.

Mr L. Mnatsakanian, a well-

connected Armenian specialist in running zoos, became managing director successively of four different enterprises in two years in the republic's Ministries of Light Industry and Domestic Requirements, ac-

cording to a press report yesterday. The purge of party and government apparatus is still only in its Pegasus not only speaks your language.



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# Flying to Saudi Arabia: some sobering thoughts.

If you don't fly Saudia, you can't fly direct from Heathrow to Jeddah or Riyadh.

If you don't fly Saudia, you can't fly direct to Riyadh at all.

If you don't fly Saudia, you can't sample Saudia's renowned cuisine. Cuisine that would do credit to a top restaurant.

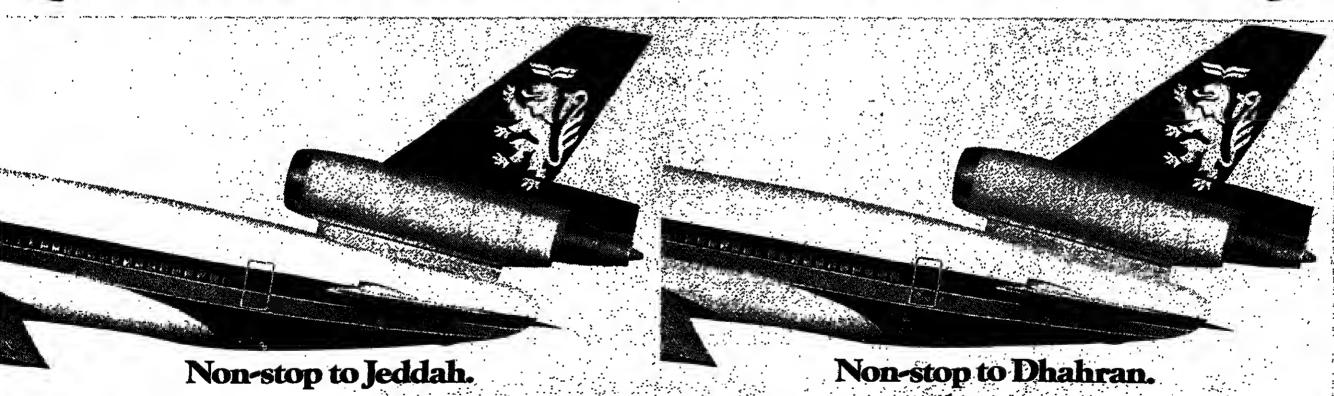
If you don't fly Saudia, you can't choose from 22 domestic connections, all inside the same terminal.

If you don't fly Saudia, you're not on the airline that's known Saudi Arabia for 40 years.

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## JEWISH LEADERS ABDUCTED

THE HEAD of Lebanon's small Jewish community, Mr Ishaq Sasson, is the latest victim in a wave of kidnappings in the Moslem-dominated half of the Lebanese capital, Our Beirut

filter.

by guamen in the city's old Jewish quarter which is now a densely populated Shl'ite Moslem area, where refugees from South Lebanon have taken over empty houses.

Over 6,000 Jews lived in Beirut until the first Arablistaeli war in 1967. Fewer than 100 remain. Police said the other three kidnapped were Dr Elie Hallak, deputy head of the community. Mr Haim Cohen, 39, and Mr Elie Srour, 68. No one has claimed responsibility so far. Correspondent reports,
Mr Sasson, who disappeared on his way home from Beirut airport on Sunday, was the fourth Jewish Lebanese resident to disappear mysteriously since lass Friday. The others were abducted

# Christian militias step up attacks around Sidon

BY NORA BOUSTANY IN SIDON

THE STREETS of this southern port city were deserted and port city were deserted and grim yesterday ofter a weekend of hattles in which Israell-backed Christian milltiamen fought against the Lebanese Army, Moslem militiamen and Palestinian guerrillas for the first time since the Israeli invasion of Lebanon in 1982.

Sidon's member of parlia-ment, Dr Nazih Bizri said 40 people had been killed and about 100 wounded in the s. He sald that 35 of the dead were from the Palestinian camps of Ain al Helweb and Mieh Mieh on the outskirts of

Shelling had come from tha Christian-held townships of Hialiyeh, Qanan, Majdalyoung and Kfar Falous east of the port

Syria yesterday diapatched Maj Gen. Mohammed al Kholy, the national security adviser of Syrian President Hafez Assad, with an urgent message to Lehanese president Amin Gemayel. Damascua has been mediating with Lebanese Moslem leaders to stall threats for "drastic action" over the communal violence in Sidon unless the Beirut Government

for Saudi Lebanese businessman ing. Hundreds of families have already evacuated the city in fear of sectarian reprisals. Head of the Central Bank Control Commission, who comes kidnapped on their way into frem Sidon, said the Lebanese Sidon from the villages of Forces—the Christian militias were shelling the Paistinian refugee camps and the summer of the Sunni Moslem deputy

adjacent hills. Severel senior

behind the escalation. The aim, they claimed, was to show that the conflict was between Pales-tinians and Lebanese Christians and to eocourage the bulk of Christian residents in the area to move to a southern border strip that would form a secure

buffer zone north of the Israeli frontier.

Dr Bizri said the Israeli-hacked militiamen were using artillery against the refugee campa, while guerrillas had nothing hut small arms to fight back. Palestinian guerrillas, who had returned to the camp in the wake of the Israeli withdrawal of February 16, were using rusted machineguns, which they said they bad unearthed from where they had been buried during the Israeli invasion.

Some 30,000 residents of Ain al Helweh fled their flimsy dwellings to the centre of Sidon. where mosques and sidon. where mosques and schools were opened to receive them. Mr Mohammed Zaatari, the head of the Sidon Chamber. he had been evicted from his home by militamen.

Mr Rashid Karami, the Lebanese prime minister, charged that Israel was instigatsends Lebanese Army units to the embattied city. Yeslerday, the Army Command decided to send 400 soldiers to Sidon.

Mr Fuad Siniora, a consultant for Caudi I changes hysinessman

adjacent hills. Palestinian fighters had re-Severel senior Sidonese turned to the camps since figures agreed the Israelis were February to visit their families.

Bank and considerable parts of its western side is "designated

both short- and long-term Israeli interests. Palestinian users and

communal interests are ex-

only designed to hypass Arab population centres, but also to

# Israeli 'package deal' lets prices rise by up to 20%

BY TONY WALKER IN JERUSALEM

PRICES OF goods and services in Israel increased by up to 20 control over half of the West per cent yesterday under a Bank, have actually created two spatially segregated regions, political and trade union leaders.

"Israelis, by imposing direct control over half of the West Bank, have actually created two spatially segregated regions, ethnically divided, separate and unequal."

Following yesterday's "across-the-board" increase prices will be frozen for two months as the Bank and considerable parts of Government of Mr Shimon Peres struggles to hring down inflation to a single-digit monthly rate. Israel's Cabinet approved for the exclusive use of the Israelis." Almost half of the seized areas is for military pur-"package deal II" at its meeting poses.
"Date desnite opposition "The area seized satisfies on Sunday despite opposition from several ministers who wanted the increases deferred until after the Passover holiday. Under the agreement almost

all items in the economy go up by at least 7 per cent.

Mr Peres is reported to bave argued strongly in Cabinet for and that the road network is not and that the road network is not an argued strongly in Cabinet for and that the road network is not an argued strongly in Cabinet for an argued that is not argued. the immediate implementation

the immediate implementation of the price rises, saying that under the package deal inflation would be further moderated 27.1 streed by \$1.5bn.

In a scathing report of Israel's land settlement policies in the occupied territories, a former deputy mayor of Jerusalem says that 52 per cent of the West Bank is now under total Israel's control.

Mr Meron Benyenisti, who only designed to hypass Arab population centres, but also to fragment and dissect Arah settlement regions. It axid the legitimate requirements of 800,000 Arabs and their communal needs are consciously ignored and this reflects "explicit sectarian planning strategy."

Mr Benvenisti noted that in 1947 Jews controlled less than 10 per cent of all of Mandatory Palestine. The position bas now

Mr Meron Benyenisti, who heads a research group into land use in the West Bank, says the

Security forces hold 17 in wake of Khartoum rioting

arrested 17 people for alleged pressed economy.
anti-government activity as doctors yesterday continued a strike and the big influx of refugees to protest at what they believe was police brutality in handling last week's riots. Agencies report from Khartenm.

Troops resterday continued to guard key installations in the gramme report said prodoction capital, which was decribed as of the staple sorghum fell by 39 capital, which was decribed as calm following the riots which brake nut in prolest against price rises for bread, fuel and

that several professional unions had agreed to call a one-day general strike tomorrow to demand ibat President Jaalar Nimetri step down. The President is currently visiting the U.S. where he was expected lat night to discuss with President Reagan the prospects for extra

SUDAN'S security forces have aid to support the country's de-

tion report said yesterday.

The FAO World Food Pro-

per cent last year, creating a deficit of at least 1m tonnes which had to be filled by donors urgently if famine was Meanwhile, however, in-formed sources khartoum said that several professional population of more than 20m) risk starvation," a U.S. official

### Iraqi air raid kills 15

in Tehran By Our Middle East Staff

AT LEAST 15 people were re-ported to have been killed and 50 injured when Iraqi aircraft again attacked Tehran, the Iranian capital yesterday. Iraq says that it is determined to keep up its raids on Iranian cities until the Tehran regime agrees to come to the negotiat-

agrees to come to the negotiating table.

Iran has responded by firing long-range rockets at Baghdad and shelling other Iraqi cities, particularly Basra in the south. The Iranian Government has said that it is willing to receive Mr Perez de Cuellar, the United Nations Secretary General, who yesterday was in Saudi Arahia and is hoping to mediate in the conflict. But the Iranians made conflict. But the Iranians made clear that they were only willing to discuss a partial ceasefire covering civilian targets and shipping in the Gulf. snipping in the Gill.

Iraq claimed yesterday to have attacked another "large naval target" in the Gulf, but there was no independent con-

firmation and shipping sources said that vessels were loading mormally at Kharg Island, Iran'a main oil terminal. main oil terminal.

Mr Tariq Aziz, Iraq'a Foreign
Minister, who is visiting Japan,
said yesterday that Iran bad to
choose between a comprehensive
war and a comprehensive
peace.

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John Elliott reports from New Delhi that the factional strife is far from over

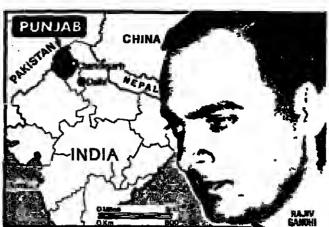
# Why Gandhi must ease tensions in Punjab

TWO YOUNG Sikhs knocked at the door of a Hindu poli-tician in the Punjab state capital of Chandigarh a week capital of Chandigarh a week ago Sunday. They said they wanted to return some books to the politician Krishan Lal Manchanda of the Bharatiya Janata party. Instead they shot him dead with three bullets in his chest and stomach, injuring his Livreproid som in the his 11-year-old son in the

The same evening, a student leader was shot dead in the front garden of his Chandigargh

These incidents were a grim reminder that, despite the re-lative calm of recent months, the crisis in the northern state of Punjab is far from over five months after it claimed the life of Prima Minister Indira

Now her son, Mr Rafiv Gandhi, is trying to come to grips with the problem before it engulfs his own administra-tion and deflects him from his primary aims of liberalising primary aims of liberalising and galvanising India's indus-trial growth and improving hureaucratic efficiency. He lives under a continuing



December and the state assembly elections and annual

for an independent Punjah was

distinctive with their turbanned heads and proud bearing, have been both respected and feared

pressure for the tensions to be eased with a settlement of the economic and political demands which lie behind the crists, the removal of the army, and elections for a new state Assembly being called.

Mr Gandhi started his moves on March 11 when seven Akali leaders were freed from jail, where they had been held since the Golden Temple operation. Thy included Mr Harchand Singh Longowal, president of the Akali Dal, the Sikh's political party which has been tosing ground to extremists in the past couple of years. More Akali activists are to ba

On the same day, bowever, President Zail Singh, a Sikh, angered Sikh activists by presenting gallantry awards So there is immense political army officers for their Golden Temple operation. Then, the two men were killed in Chandigarh and widespread protests and strikes were staged on the following two oays. Mr Longowal and a more extreme leader of a rival Akali faction. Mr Jagdev Singh Talwandi, made statements which seemed in defy any attempt at conciliation. He also demanded an inquiry into the anti-Sikh riots after

Mrs Gandhi was killed. Such an inquiry could em-barras Mr Gandhi, because some Congress I politicians are widely helieved to have incited Hindus to attack Sikhs in Delhi and elsewhere. Nevertheless, Mr S. B. Chavan. the Home Minister, has sald in Parliament that the Government was the control of the control o December and the state assembly elections and annual budget last month. Now he will be judged in India as much for his success in dealing with Punjab as for his economic measures.

Nine months after the Army want into the Sikhs' Golden Temple, it is still heavily in Temple, it is still heavily although it is gradually handing over to paramilitary forces. That state is still governed by President's Rule, which the Indian Parliament last week extended for a further six months.

In an interpretation of India threat to the unity of India that Coogress that Coogress is part to the Unity of India at threat to the unity of India that Coogress. Then Mr Gandhi appointed as Governor Mr Arjun Singh. The Minister, has said in Parliament the Government was "not the state's capital. Mr Singh is a Hindu of the Sikhs are officially estimated to have said in Parliament the Government was "not the Sikhs are officially estimated of Madhya Pradesh who handled the aftermath of the Union Carbi

# There is one place a telex won't go to.

Telexes and in-trays just don't mix. A telex tends to go straight into the hands of the person it's intended for.

Perhaps it's the sudden arrival that gives telex an urgency which demands attention.

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business. But it wouldn't lose that status by being used every day.

After all, a telex is faster than just about any other method of written communication you care to mention.

It gets to its destination in next to no time, whether it's half-way round the world or half-way down the road.

It's quick too because the language is so simple.

People expect to see the minimum number of words, so it takes little time to compose.

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So why don't more people use telex more often?

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If so, that couldn't be further from the truth.

The machines are now small, quiet, attractive and very modem.

Small enough to fit comfortably on a desk top (it's about as wide as a golf-ball typewriter), although you can have it on its own stand if you like.

Quiet enough to sit comfortably in your office. (It now registers a mere 48 decibels, compared to a quiet living-room's 40dB and a



typing pool's 60dB.)

Attractive enough to look good on this page and in your office.

And modem enough to have its own repeat-dialling and wordprocessing facilities, plus a memory for stored messages.

(You can also set it to send the same message to several addresses automatically.)

Some models even have a screen so the sender can see the whole text set out before it's despatched.

Anyone with international contacts will find another feature particularly useful.

You can programme the machine to send a telex at any given time. So you won't have to wait until late to send information to Brisbane.

Or, for \ that matter, to Wagga Wagga. Yes, even businessmen in far-away 3 Wagga Wagga are using telexes these days. (It's in New South Wales.)

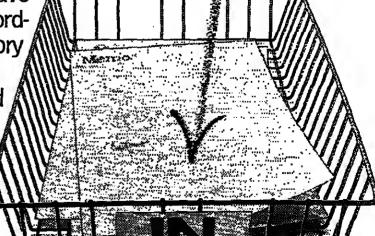
Actually, there are now over one and a quarter million telex machines in two hundred countries world- wide, not in-100,000 in this cluding almost country, which is an advantage in itself.

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Reginald Dale, U.S. editor in Washington, reports on moves by the Reagan Administration to tighten up the Freedom of Information Act

# U.S. conservatives on the offensive in right-to-know battle

American champions of the public's "right to know" are steeling themselves for another round in their long-running battle with those who believe in the Government's right (or duty) to keep court and the court of t

For decades now the issue of government secrecy has divided government secrety has divided political Washington into two immensely powerful warring factions, whose fortunes have waxed and waned with the overall political climato. On one side all political climate. On one side are ranged the media, the public Interest pressure groups and their many, mostly Democratic Congressional allies (broadly speaking, the "liberals"), on the other, the government bureaucracy, big business and the law enforcement and security communities (the

"cooservatives").
At stake, in liberal eyes, is
the whole concept of open
popular democracy as envisaged
by the nation's Founding Fathers. For the conservatives, the issue is government's right, and ability to govern, and the protection of the capitalist

Ten years ago, in the aftermath of Vietnam and Water-gate, the conservatives were on the retreat. Now, in Mr Reagan's right-wing Washington, It is the liberals who are on the defensive and a series of developments in recent weeks bave sharply increased their antieties over what may lie

The liberals' most immediate concern is a court case in Balti-more in which they claim that the Government is trying to introduce a British-style Official secrets Act vla the courtroom backdoor. If that fails, or even if it does not, many of them believe that there will be moves to pass some kind of secrecy legislation in Congress.

Quite separately, the Admiul-

Earlior this month, liberal anxioty came close to alarm, when tho White House confirmed that the Administration was considering a new secrecy law proposed by the Central Intelligence Agency (CIA) with potentially as broad a sweep as the British Act.

The CIA proposal would reportedly have made it a crime for a government employee to disclose in the press or other

disclose to the press or othor unauthorised people any classified information "that could reasonably be expected to damage national security."

Inveighing against the British

Liberals fear a UK-style official secrets act

By the end of the woek, tho Administration had decided against pursuing the CIA proposal, at least for the time being, although officials said that they continuo to believe that such legislation would be

To its liberal opponents, tho Reagan Administration record already provides more than enough ground for deep suspicion. In its first four years, the Administration sought to expand the use of lie detector tests for public omployees, to crack down on leakers, and impose life long censorship on officials with access to secrets.

move that turned out to be highly popular with the public in general) and often treated tha liberal media as bostile and subversive. In Congress, It tried unsuccessfully to amend the FOIA to give it a tighter grip on official and business

secrets.
In Baltimore, the Government is breaking now ground by using existing laws on by using existing laws on espionago and theft of government property to prosecute Mr Samual Morison, a civillan Navy employee, for supplying the British military magazine Jane's Defence Weekly with three classified photos of a Soviet airport and a construction. craft carrier under construc-

It is only the second time that the Government has sought to interpret the esplonage law as covering an act that has nothing to do with spying, in the traditional sense of secretly passing intelligence luformation to a foreign power. The first was the Pentagon papers case, which the Government lost on the grounds of its own mis-

example, the Washington Post last week angrily denounced the CIA move—"We do not have such a broad secrecy law in this country, and we don't want one."

By the end of the woek, the decided secrets Act on the statute book secrets Act on the statute book secrets Act on the espionage since 1917, when the espionage law was passed. If laws on the theft of government property also apply to the Morison case, then they could probably be interpreted to apply to ail government information, not just classified documents, the

Under the Freedom Of Information Act (FOIA), government agencies must provide information unless it is covered by one of the following nine exemptions:

Information properly classified as secret, in the interest of national defence or foreign policy.

Documents relating solely to agency personnel rules and

practices.

• Information withheld under other laws.
• Information withheld under other laws.
• Trade secrets and financial information obtained by an agency from a person or business.
• Some categories of internal letters and memoranda (incinding the policy making process covered by "executive privilege").
• Personnel, medical and similar files "the disclosure of which would constitute a clearly unwarranted invasion of personal

 Certain investigatory records compiled for law enforcement.
 Certain records kept by agencies that regulate financial · Geological and geophysical data about oil and gas wells.

HOW TO APPLY Write to the FOIA office of the appropriate agency (each agency has one), giving the elearest possible description of information required, rather than "all files relating in . . ."

There is no obligation to state why the information is requested. Search fees will usually be charged, but may be waived if the information is "in the public interest."

If the initial response is not satisfactory, an administrative appeal can be noted as a bisher official if the annual is denied.

appeal can be made to a higher official. If the appeal is denied, appeal can be made to a nigher ometal. It the appeal is deficilly requesters can lobby Congressmen and/or go to court.

Most law firms will want an advance of \$500 (£415) to \$1,000—although some free legal help is available. Judges may order the agency to pay costs if the requester "substantially prevails" in the law suit.

Summarised by Columbia Journalism Review, New York, and Center for National Security Studies. Washington D.C.

allegation that he intended to harm national security.

The judge's ruling has already been challenged as inconstitutional by many experts and may not be upbeld. The Administration may bold back on formally introducing new servery legislation until the new secrecy legislation until the

There is no such reason, bowever, for the Administration to bold back on its plans to amend the FOIA—and legislation to that effect has already been re-introduced in the new Congress by right-wing Republican Senator Orrin Hatch of Utah

allegation that he intended to eliminating anomalies, such as harm national security. one which inadvertently allows the release of names of govern-ment informants, and tightening control over business secrets and law enforcement operations against terrorists, drug dealers and organised crime.

Mr Hatch's opponents argue

that while the Act is far from perfect, be is concentrating only on the problems encountered by government, when it seeks to withhold information, and not those facing requesters of information. His changes, they say, will make the Act much harder to

crats who misuse it to withhold information.

Under the Act as it now stands, any "persons," which includes foreigners, can request any "record" held by a government agency, including their personal CIA or FBI files. Congress is not subject to tho law. The basic principlo is that the public bas the right of access to all official records unless the Government can unless the Government can prove that one of nine exemptions applies (see box).

The agency in question must legally give its initial response within 10 days. But that is more honoured in the breach more honoured in the breach than the observance, and the first request is often only the beginning of a long process, which may involve the requester in further lengthy correspondence, administrativo appeals, law suits and delays of up to several years.

For its part the agency must

For its part, the agency must search and review its records, decide bow much to reveal and how much is exempt under the Act, assess, waive or argue over fees to he paid for the search by the requester and attempt to justify refusal to release all

or part of the information.

For a bureaucrat who wants to stall, there is an almost infinite labyrinth of nooks and cramles to hide in. There are cramies to hide in. There are countless stories of agencies transferring requesters, and even records to other departments, and bolding out until the applicant loses interest. Although Congress added sanctions to the law when it strengthened its provisions after Waterstein in 1074 are Maderal

Watergate in 1974, no Federal official bas ever been known to have been punished for improperly withholding records.

and add to the delays that are the main curse of the present system.

A recent study of the Act by the Columbia Journalism Response time contrary, the Democrate say, the Act should be bettemless bag of tricks—charging fees without justification, then refusing to act on from public scrutiny and reinforce penalties against bureauforce penalties against bureauforces with misuse it to withhold information.

A recent study of the Act by the Columbia Journalism Response to the examples of information released from government records on topics ranging from FBI harassment of Jane Fonda to CIA plots to assassinate foreign leaders.

(One petitioner is currently useless or is never released; information. lgnoring response times set by law; intentionally understaffing departments dealing with FOLA requests; forcing drawn out, expensive court cases; shuttling documents between offices of the same agency: referring documents to other agencies, sometimes without informing tha requester and interpreting all nine exemptions in

> When in doubt Reagan has urged classification

ways that ignore the spirit of the law."

Other examples include arguing about what constitutes a "record"; blacking out information indiscriminately when some parts of the document are

the Pentagon granted more than 60,000 of just over 72,000 requests in full. The Justice Department responded fully to more than half its 24,000 applications. Most complaints inevitably come from journa-lists, who tend to make the most sensitive requests.
A report by the Washington-

FBI file). A persistent seeker of re-stricted information may often persuade an agency in de-classify an increasing number of documents as the request proceeds. But when the secret

hard core is reached, coorts will almost invariably side with will almost invariably side with
the Government, as knowing
best what constitutes a threat
to national security. The Act
leaves it to the President to desine the rules of classification
That has already allowed Mr
Reagan effectively in tighten up the Act without the need for Congressional action. While President Jimmy Carter relaxed the rules and encouraged gov-ernment employees to de-classify if they could, Mr Reagan has urged classification

when in doubt. He counter-manded a Carter ruling that an overriding public interest should take precedence over reexempt from disclosure; releas-ing documents selectively nuly Justice Department's policy—in after a requester agrees to end another reversal of Mr Carter's further legal action and being —has been, as a general rule, excessively literal if the request is only slightly wrongly phrased.

Manufacture Department's policy—in another reversal of Mr Carter's —has been, as a general rule, to defend all suits challenging government decisions to withhold information.

Many requests, however, are granted without too much trouble. Mr Glen English, a Democratic congressman from Okiahoma and Senator Hatch's principal FOIA adversary, told a recent hearing that in 1983 proof way it preventing them proof way at preventing them
—nor has it seriously tacked the problem of what to do when it is one of its own senior mem-bers who does the leaking. But it is not going to give up the attempt. In its second term, the liberals believe, it will be even more determined to swing the pendulum from "open up to shut up."

### dite separatery, the Administration and its conservative officials with access to secrets. national security secrets, even Mr. Hatch's supporters say use to nhtain information, give allies are preparing another It tightened classification proteined drive to tighten up cedures, banned the press from involved and there was no to "fine tune" the FOIA by to "play procedural games," use to nhtain information, give We're Ameritech. Already estab-lished as a leader in the U.S. telecommunications industry. in the U.S. And we're bringing advanced digital network services to the market-Our first-year financial results were outstanding. We earned some \$990 million place at speeds that rival any telecomin 1984. That was \$10.17 per share. We did off even better than we expected, 7.2% over our munications company in the world. Offering both investment and business opportunities. Ameritech provides attractive potential as an investment with promise. In projections. BRIGHT equity was first among all the new regional Our 14.3% return on fact, last year our shareowners had a 28% total return on their investment. Ameritech also has the telecommunications expertise START telecommunications others outside the U.S. are seeking. Through **基础** 经有一次 the AT&T divestiture. And we expect conour recently created Ameritech Internatinual earnings growth during the next tional division, we are prepared to provide years. The future looks bright, indeed. consulting services in areas ranging from mobile communications to fiber optic Making the most of our advantages. Our primary marketplace of Illinois, Indiana, Ohio, Michigan, and Wisconsin is In Europe, we're listed on the stock exchanges in London, Geneva, Zurich and Basel. For a copy of our Annual Report, write: Ameritech, 64 Sydney St., Chelsea, London, SW3 6PS, U.K. one of the most data-intensive regions in the world. A region with expanding needs for new and more communications services. We're investing \$2 billion this year to meet these needs. Preparing for profitable Leading the way in technological applications. AMERICAN INFORMATION TECHNOLOGIES Ameritech pioneered the commercial application of cellular mobile phone service 30 S. Wacker Drive, Chicago, IL 60506, U.S.A. Telex: 821705 Moving A World of Ideas.

# Reagan offers Senate defence budget deal

PRESIDENT Rouald Reagan has which resumed yesterday, would offered to reduce his defence spending request for the com-ing. 1986 fiscal year by roughly \$10bn in the bope of reaching a budget compromise with Senate Republican leaders. In ex-change, bowever, he is asking the Republicans to more than match his offer by agreeing to much deeper cuts in domestic programmes than they have so far been prepared to contem-

cials said yesterday, Mr Reagan half way year's defence spending.

priations for fiscal 1986, which begins on October 1, against matching the \$10bn Mr Reagan \$302bn proposed by the Republican senaturs. The Republicans figure is intended to freeze real defence spending at a level equivalent to this more, that would then go to year's \$292.6bn after taking inflation into account.

Administration officials how.

succeed. The White House was also still concerned at the steep defence cuts that the Republi cans wanted to write into the budget for 1987 and 1988, they said.

For the deal to go through, the Republicans would have to accept cuts in programmes such as farm subsidies and urban development grants that they have hitherto rejected, and also plate.

If the Republicans agreed to cost of living increases for such a deal, Adminstration offisuch a deal, Adminstration offi-

Mr Reagan is still insisting that the cost of living increases to bridging the \$20bn gap bego ahead as planned, meaning tween the two sides on next that the Republicans would have to find an additional \$6bn Mr Reagan has been seeking in savings next year to match
\$322bn in total defence approthe cuts they had hoped for

nflation into account.

Administration officials say, Mr
Reagan would have a solid hasis ever, said that it was not at all for "taking his case to the sure that the negotiations, country."

### **Teamsters** agree to three year wage deal of 10%

BY TERRY DODSWORTH IN NEW YORK

The deal is the latest illustra-tion of the trend towards modest wage awards in the large nationally organised industries. It includes some substantial concessions from the union, which used to be famed

THE U.S. national trucking industry and the Teamsters' porary employees will receive an 8.3 per cent pay cut. Three - year wage agreement which will give pay increases of about 10 per cent to some 200,000 workers.

The deal is the latest illustration of the trend towards security and increased fringe increased fringe. security and increased fringe

The deal nevertheless under-The deal nevertheless under-lines tha weakened position of the Teamsters following the deregulation of prices and routes in the industry in the early 1980s.

union, which used to be famed for its militancy and ability to drive a hard bargain.

Under the proposals, which will have to be put to local teaders of the union latar this week, the annual cost of living provision, designed to give an antomatic adjustment of wages for infiaions, has been virtually ellminated. Workers will enter the industry at a 30 per cent deregulation of prices and recall the industry in the carly 1980s.

It is by no means certain that tho whole industry will accept the whole industry will accept the unable to meet the salary scales and remain competitive with rivals who best emerged in the post-deregulation of prices and deregulation of prices and the industry in the carly 1980s.

### Audit launched of seven **U.S. defence contractors**

BY PAUL TAYLOR IN NEW YORK

THE U.S. House of Representatives' armed services committee is planning its own separate aodit of seven major U.S. charges, said it had picked the defence contractors as part of an intensifying investigation of Pentagon spending.

The investigation comes amid mounting allegations of overcharging and billing irregularities by some of the nation's largest defence contractors. These allegations bavo led to the temporary suspension of some payments to General Dynamics and to Grand Jury criminal charges against General Electric which last week was banned from bidding

### Canada car workers go it alone

By Bernard Simon in Toronto

THE CANADIAN branch of the United Anto Workers has formally split from the Detroit-based union following an agreement on the division of strike funds and other assets.

The breakaway, which de-prives the UAW of about 10 per cent of its members, was initiated last October when Canadian car workers pressed for different terms to U.S. workers in contract negotia-tions with General Motors. The dispute precipitated an II-day strike in GM's Canadian plants, closing down many facilities in the U.S. which depend on parts made in Canada.

The U.S. union bas agreed to transfer about 5 per cent of its assets, worth C336m (£22.5m), to the Canadians, including C336m to set up a Canadian strike fund. All but one of the Canadian union's local branches have approved the split, and a convention is due to be called in vention is due to be called in September to set up an auto workers union in Canada.

Mr Bob White, head of the Mr Bob White, head of the Canadian union, said that an antonomous body will increase the influence of Canadian auto industry workers both in the U.S. and Canada. Detroit put strong pressure on the Canadians to scitle last year's strike. Mr White said that Canadian workers can now negotiate with employers on their nwn terms.

### Fed to tighten control of bond markets

THE President of the Federal Reserve Bank of New York, Mr Gorald Corrigan, said that more formal regulation of U.S. government bond

more formal regulation of U.S. government bond markets "should and will be addressed," Reuter reports from New York.

Speaking before a House of Representatives subcommittee hearing on donestic monetary policy, Mr Corrigan said: "The Federal Reserve, in co-operation with Reserve, in co-operation with the Securities and Exchange Commission and the Treasury, is taking a fresh look at that question (of formal regula-tion)."

The meeting was called to haar testimony on the Fed's proposed voluntary guidelines setting capital adequacy standards for secondary government securities dealers. Mr Corrigan told the subcommittee that "the voluntary capital guidelines should and will be put in place." This could be done within a few weeks, he added. The meeting was called to

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# ttle Senate keeps up pressure over Japanese imports AT NINE in the morning the crowd of tourists is let in to visit Miraflores Lock at the Pacific entrance to the Panama Canal. AT NINE in the morning the crowd of tourists is let in to visit Miraflores Lock at the Panama Canal. AT NINE in the morning the crowd of tourists is let in to visit Miraflores Lock at the Panama coverall loss might have been an overall l

BY STEWART FLEMING IN WASHINGTON

LEGISLATION requiring the trade relations with Japan, Administration to against Japanese ducts will be taken np by the Senate Finance Committee

The move comes as pressure mounts in Congress for a U.S. response to the apparent reluctance of the Japanese Government to meet U.S. demands for improved access to Japan's markets.

A spokesman for Senator John Danforth, one of the sponsors of the legislation, said yesterday that the Bill which will be proposed will require President Reagan to report to Congress within 45 days on whether Japan bas opened its telecommunications markets to U.S. products.

If not the President will be A spokesman for Senator

U.S. products.

If not, the President will be required to state what retaliation the administration is planning to take to offset the \$40n (£3.6bn) deterioration in the U.S. trade balance.

The deterioration is seen as a must originate trade and tax

result of the sharp rise in laws.
imports of Japanese cars into the U.S. now expected as a result of the ending of the bllateral quota agreement on it could go to President Reagan.

acemed faint despite the surge in the U.S. trade deficit with Imports of telecommunications, its Far Eastern trading partner electronics and automobile pro-

But last week, amid signs that the U.S. would not achieve its objectives in the talks which have been taking place which are aimed at improving the access of U.S. products to Japanese markets, the Senate passed by a vote of 92-0 a non-binding resolution calling for retaliation against Japan.

The legislation which the Senate Finance Committee will take up tomorrow is a much more serious threat to U.S. Japanese trade relations. But it bas a long way to go before it would become law. The Finance Committee will first have to approve, and perhaps modify, the legislation Senator Danforth

must originate trade and tax laws.

result of the ending of the bilateral quota agreement on cars.

Even a few months ago, the prospect that Congress would selze the initiative from the Administration on bilateral selze to consider the Bill and approve it before Congressional trade experts suggested yesterday, however, that it is now up to Japan to decide whether to take further steps to maet U.S. demands.

### Contracts for Canada to cut Cairo opera levies on 17 house this week **EEC** exports

By Treyor Mostyn in Cairo

CONTRACTS will be awarded in Tokyo this week for the building of Calro's new opera bouse designed, in the words of its president, Mr Yousef El-Sisi, to be "one of the finest in the world."

Seven companies, mainly Japanese, are competing for orders worth \$30m (£27m)— \$25m of which will be paid for as an ontright gift to Egypt from the Japanese Govern-ment Egypt will put up about \$5m for outside facilities.

The building will replace a former wooden opera house, burnt to the ground in 1971, which was built as part of the celebrations for the pening of the Suez Canal in

Verdi's Aida was written especially for the opening, which was attended by the crowned heads of Europe, including Empress Eugenie of An imitation of Milan's La Scala, the opera house regularly hosted inter-national ballet and opera

The new opera house will contain a main concert ball with 1,300 seats, two balls with 600 and 500 seats and seven other halls with be-iween 120 and 300 seats. It will bouse the Cairo National Opera and Ballet companies as well as the Cairo Symphony Orchestra, of which Mr El-Sisi is the conductor, and will contain training facilities, and a museum and an art gallery,

both devoted to opera.
The opera house, which should be ready for use in January, 1988, was designed by the Japanese company Sekkei

BRUSSELS—Canada has agreed to reduce import levies on certain European Community ex-ports in an attempt to defuse trade row sparked by Canadian restrictions on footwear imports, official said.

Canada will reduce tariffs over one to three years on 17 different products imported from the Comunity to compensate for curbs on boots and shoe imports estimated by the Community to cot its producers \$50m (£45m) a year in lost trade.

The Community had already protested to the General Agreements of Tariffs and Trade hit cheap Italian shoe.

Commission officials said Canada, which set the damage caused by the curbs at a frac-tion of the Community's estimate, agreed to ease their effect by reducing the price level be-low which the quotas would

India and France 'plan joint nuclear projects'

NEW DELHI -- India is to launch joint nuclear energy pro-jects with France, Mr Raja Ramanna, chairman of the Indian Atomic Energy Commission, sai dyesterday, the Press Trust of India news agency reported. Fast breeder reactors would be a major area for co-

operation. In 1983. France started supplying India with enriched uranium for a U.S.-built reactor at Tarapur in western India after the U.S. cut off supplies because India refused to sign the Nuclear non-Proliferation

### Austria likely to bypass **BAe for Saab aircraft**

THE AUSTRIAN Government is expected to announce tomorrow that it will buy 24 secondhand Saab Draken interceptor air-craft to modernise its air force. The decision will be a disappointment for British Aeroapace which had high hopes of clinching the deal with Lightning aircraft.

The British group and Saab were the front-runners for tha estimated Sch 2bn (£79m) contract, but political considerations encouraged the Austrians to buy from neutral Sweden rather than from a Nato

The decision has yet to he formally approved at a full Cabinet meeting due to take place tomorrow but the outcome country.

seems settled.

The British Lightning was the preferred choice of the military and of the Defence Minister, Dr Friedhelm Frischenschlager.
The aircraft fulfilled the Australian Air Force's basic technical requirements and was nical requirements and was cheaper than any of its competitors.

BAe also offered a very favourable counter trade pack-age including the possibility for the Austrians to become involved in the European aircraft and aerospaco industry. Details of the Saab deal are not yet

decision, but there has been mounting pressure, especially within the Socialist Party, for huying from a neutral country. The pressure seems to have swayed the Government to have a seem to have swayed the government to have the choice least likely to eause political controversy for the Government which has been accident prone of late.

The strength of the British bid, however, many than the choice least likely to eause political controversy for the Government which has been accident prone of late. maying from a neutral country.

The pressure seems to have swayed the Government.

A special meeting of the British bid, bowever, may have placed Britain in a favourable position for future arms A special meeting of the contracts.

Thai Airways, has ordered two A310-200 jets and spare parts, worth \$125m (£113m), from Airbus Industries, the victor in a fierce battle with Boeing of the U.S., Boonsong K'Thana reports from Bang-

The contract came three days after the Thai Cabinet had finally endorsed the staterun airline's plan to acquire two Airbus jets, rather than six G737-200s which Boeing tried very hard to sell to Thai

The two jet makers have campaigned fiercely to land the Thai contract. In win-ning the contract, Airbus is reported to have offered a discount of \$2m at the last minute to counter Boeing's concessions worth offered

two A310s, worth The two A310s, worth \$109.5m (excluding spare parts), will be equipped with General Electric's newlydeveloped engines and will join That Airway's fleet next year for services on domestie trunk rontes.

National Defence Council last week chaired by the Austrien chancellor, Dr Fred Sinowatz, decided to back the Saab bid

# A fall in the transit of three key items accounts for the decrease in traffic, Robert Graham reports

# How recession is hitting the Panama Canal

the same machinery operational since the Canal's first use 70

years ago.

But the tourists who expect to see vessels going through the locks are disappointed. By the time they arrive, the ships have already passed through. Traffic is down to an average of 32 ships a day in both directions against a one-time high of 40 and a capacity of 42 per day. The world recession is directly to hlame.

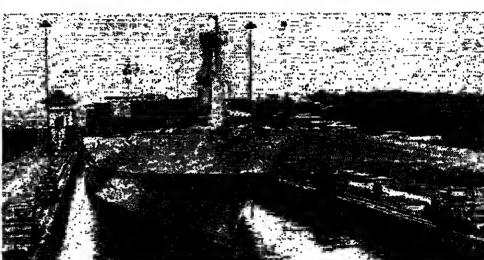
Towards the end of 1984 there was a slight upturn reflecting a modest improvement in Latin American economies and the recovery in the U.S. But projections for the current U.S. fiscal year by the Panama Canal Commission anticipate no substantial change with the daily average at 32.5 vessels, the same as 1983.

The decrease in canal traffic was accounted for by a decline in the transit of three key items — petroleum products, grains and coal. The most marked and coal. The most marked drop was in North Slope Alaska shipments, which declined from 4.4m tons in 1983 to only \$60,000 tons. This reflected the 4.4m tons in 1983 to only 360,000 tons. This reflected the full operation of the transtherm of the full effect of a toll rise in Panama oil pipeline designed to March 1983. This year the

It remains to this day one of increase in the movement of the great wonders of modern petroleum products to L3m engineering, with virtually all tons.

> occured in grain movements. According to the Canal Commission the decline resulted in "a diversion of U.S. corn exports to West Coast ports, a drought which severely reduced U.S. corn production, and incompetition Canada, Australia and Argentina, in part, a result of the strength of the U.S. dollar." There was, however, an increase in wheat trade passing through the canal. This was up 60 per cent to 9m tons, largely doe to the resumption of U.S. exports to China, totalling 4.2m tonnes.

Meanwhile the canal coal trade was down 56 per cent on 1982 levels reflecting low steel production in Japan and an increase in the amount of coal bypassing the canal. The percentage of U.S. East Coast coal shipments to the Far East by-passing the canal increased 45 per cent last year. However, this year the start up of Colombian coal exports should to aome extent offset this.



A container ship moves through Mirafiores Locks in the Panama Canal, where recently ten

Fernando Manfredo. deputy Administrator of the Canal Commission and the senior Panamanian on it said in a recent interview: "We will make every effort not to raise tolls this year. We are very conscious that we have to share the effects of the recession with the rest of industry." However, he pointed out that

we must maintain a steady flow of traffic."

of traffic."

Sr Manfredo believes it is bealthy that the canal is no longer a monopoly and that alternate routes are being used like the oil pipeline. Much thought is now being devoted to accommodating larger vessels. Between 1955 and 1984 the average size of vessels increased by a factor of almost three. The number of larger vessels the the 50-mile long waterway had number of larger vessels the

Canal Commission is projecting 75 per cent fixed costs. "When canal now can accommodate, of toll revenue to be \$310m. That traffic goes down the costs 100 ft beam and over, has risen average charge per vessel is remain virtually the same. Thus from less than I per cent of total transits to 19 per cent. However, if the canal is to take more large vessels the Gailard Cut, the narrowest part of the

enlarged.

The problem here is not so much the lack of funds but rather the nature of the 1979 Canal Treaty between Panama and the U.S. Under the terms of the treaty the U.S. is due to

operating order free of debt. The U.S. Government refused to accept in the treaty negotiations that the canal investments had been amortised. Thus any new big investment entails com plex discussions on amortisation.

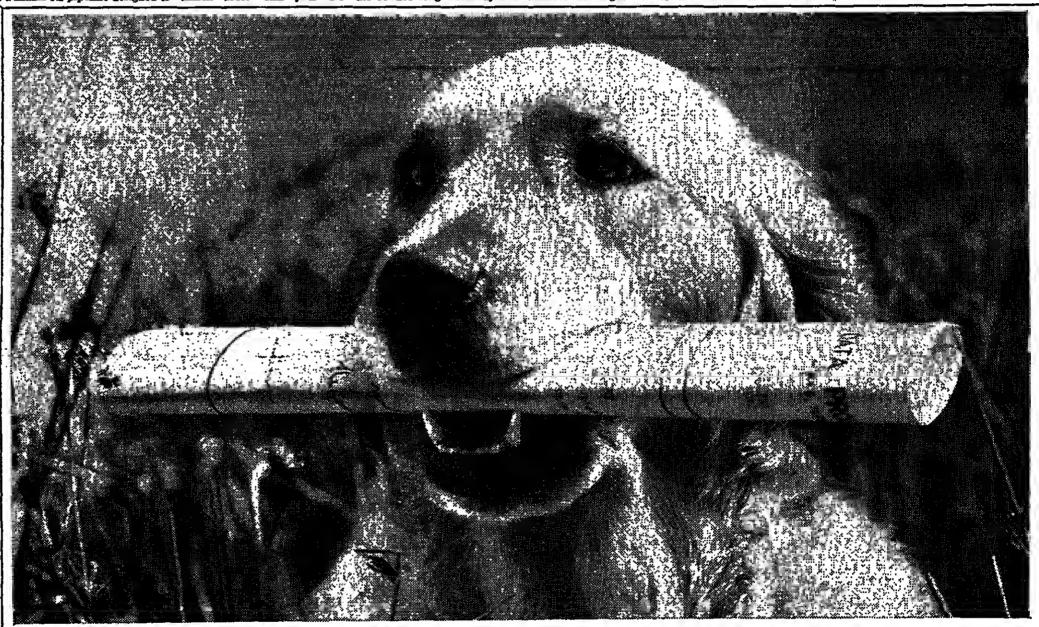
The Panamanians never accepted the U.S. argument that the canal investments had not been amortised and, in private, they believe this is a device to lessen the amount of real earnings Panama receives from the canal. At present funds are still set aside from the notional operating profit to cover amortisation. Panama receives \$10m as an annual profit of the panama receives and annual profit of the panama receives an annual profit of the panama r annuity, \$10m as a public service payment, a 30 cents per tone of shipping fee and then a direct payment if there is a sufficient income left after operating costs, Last year

Panama received a total \$60m The Panamanian Government has not yet sought extra payments from the Canal Commission. Rather it is trying to make better use of the canal.

better use of the canal.

President Nicolas Ardico
Barletta is anxious to develop
the twin ports at either end of
the canal, Colon and Panama City, as a single container centre, reactivating the canal

railway. A recent report showed that worldwide there was a need for 12 major container ports, and we very much bope that Panama can be one of those,"



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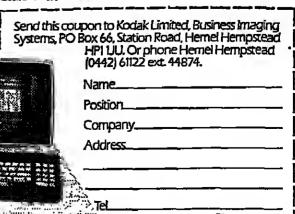
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## Pit union angry over closures policy

LEADERS OF Nacods, the pit supervisors' union, warned yesterday that their members were now angrier with the National Coal Board (NCB) than they were last October. The Government then headed off strike action by the supervisors, which would have closed Britain's coal mining industry, by sanctioning a new independent procedure on pit closures.

In the face of this warning, the NCB seems likely today to agree to meet leaders of Nacods after a decision hy the union's executive yesterday to recall the union's delegate conference over its worries about colliery closures.

Mr Peter Walker, the Energy Secretary, told the House of Commons yesterday that two pits were ex-pected to be closed before detailed discussions start on implementing the modified colliery review proce-dure agreed by the NCB and the

He explained that in both cases the Bedwas colliery in South Wales and the Frances colliery in Fife -there was no possibility of any men working because the coal faces had been destroyed during the yearlong miners's strike.

The supervisors angrily attacked the planned closure of the two collieries which the union says are be-Ing shut outside the terms of the industry's colliery review procedure, and the March 27 directive from the NCB on closing pits. The NCB in-sists that Nacods is misinterpreting this statement.

Nacods claims that these moves are in direct cootravention of ils new review agreement of last October, and Mr Peter McNestry, Nacods General Secretary, said: "Having got that agreement we are now more upset even than we were on October 22, because not only have we been cajoled and lied to - the whole nation bas been cajoled and

Mr Walker insisted that the two closure decisions already taken were by their nature "interim ar-

rangements."
He stressed that the Bedwas closure had been agreed between the NCB and the NUM. The transfer of workers to other pits and voluntary redundancy was being arranged. Mr Walker maintained that this

procedure was much more accept-

able than simply laying men off because there was no work for them. The Executive of Nacods unanimously decided to ask the NCB to withdraw its March 27 statement and its management guidance on local level relations with the union In calling together the union's delegate conference. Mr McNestry not withdrawn then the threat of strike action "will come much clos-

Last year in a membership ballot the union's executive won an 82 per cent majority in favour of a strike A motion from the union's South Wales area for a new strike ballot, considered by the executive yester day, will, if necessary, be put to the

delegate conference.

Mr McNestry said: "We see the March 27 statement as a complete change of policy hy the coal board That decision means quite plainly that consultation will be taken away from all the pnions in the industry. That we cannot accept - and that we will not accept."

Clearly angry, Mr Ken Sampey. the union's president, launched a strong personal attack on Mr Ian MacGregor, the NCB chairman, insisting that neither be nor the NCB could be trusted. He said the feeling In the coalfields, particularly in the South Wales and Scottish areas where the closures are threatened, was one of outrage.

Privately, however, union leaders are doubtful that their members would vote for a strike over the issue in the light of the outcome of the miners' year-long strike. They seem to want to avoid a ballot if possible and instead concentrate publicity and propaganda against the NCB.

# Credit demand strong despite dearer borrowing

THE PACE of growth in Britain's mediate impact on consumer deslightly in February after a record despite the sharp rise in interest

The Department of Trade and Industry said yesterday that finance houses, retailers and other specialist credit organisations advanced loans worth £1.01bo in February. That was a slight fall from the ing in £1.17bn of new business in January. credit. but was still well above the average

Officials said the drop largely reflected the phasing out of a num-ber of low-cost credit offers on new car sales, and fewer loans on second hand vehicles.

tal advances during the three

The rise in the general level of 1984. borrowing costs in January, when

This will partly reflect, bowever,

increase in January. Demand for the normal lag before higher bank credit remained buoyant, however, interest rates feed through to the charges made by retailers and finance houses.

The Government is expecting the

real interest rates and the rapid build-up over the past few years of household debt to hring some slowing in the growth rate of consume The continuing strong rise in per-

sonal borrowing - through higher mortgages and bank loans, as well as retail and finance credit - has been the source of concern for the authorities because of its impact on Taking the trend over a longer In separate figures yesterday the period, the department said that to-department confirmed a small rise in the volumes of retail sales in months to February were 10 per cent higher than in the previous uary, but they remained below the three months.

The index of retail sales was put banks put up their base lending at a final 114.0 in February rates to 14 per cent from 9% per (1980-100), up from 112.8 the precent appears to have bad bitle imvious month.

# Second defeat for **Insolvency Bill**

BY JOHN HUNT

in the House of Lords last night when a coalition of Conservative and Opposition peers pushed through an amendment by a majority of one vote.

The amendment allows directors in insolvency cases to escape disqualification so long as they prove to a court that they have taken ev-ery reasonable step to minimise potential losses to creditors.

It further weakens the legislation, which is intended to broaden the terms under which directors can be disqualified when their companies are compulsorily wound up. The Government has, however,

an opportunity to reverse last night's defeat when the Bill, which originated in the House of Lords, comes to the House of Commons. The amendment was approved despite a strong appeal for its rejec-tion from Lord Lucas of Chilworth, Under Secretary for Trade and

this goes through, it means that

was tax avoidance a High Court

judge ruled yesterday.
Mr Justice Nicholls dismissed an

Inland Revenue appeal against a

ruling by tax commissioners that

Mr Dave Clark, a pop musician, did

not have to pay income tax on the £265,000 be earned during the tax

The judge said that Mr Clark had been advised that, as he had to go to

the U.S. on business for a protract-

ed period during 1978-79, it would

year 1978-79.

THE GOVERNMENT suffered a steps to minimise the potential second defeat on the Insolvency Bill losses to creditors and placed accounts before the management."

During the debate on the report stage, peers complained that the Government bad failed to clearly spell out the promised criteria for guidelines which could be followed hy directors threatened with disqualification. The amendment was proposed by

Lord Benson and Lord Mottistone. The latter said: "We need to be sure that directors know what is the basis for their potential unfitness. Guidelines might be a solution to the problem but we have not seen them yet."

"We will not know what form they are to take before the Bill leaves this House."

He was extremely distressed by the attitude of Lord Lucas in not recognising the need to ensure that the right people were not discour-aged from belping companies which were in difficulties.

The amended clause had already Lord Lucas told the House: "If been virtually redrafted by the Govhowever irresponsible a director's promise, after the defeat in the the united states in the face of conduct has been - even if it caused House of Lords of the original plan growing opposition by European enormous losses to the creditors - to introduce automatic disqualifica- countries which, like John Brown, the court would be unable to dis-tion for directors whose companies had contracts with the Soviet qualify him provided he has taken go into compulsory liquidation.

Briton who lived abroad wins

A BRITON who lived abroad for a 
If be did not set foot in England, business during the relevant period

The Revenue argued that al-

though Mr Clark bad spent the time abroad, he had been resident in the

UK and therefore caught by s.108 of

the 1970 Income and Corporation

It also contended that he was li-

be had left the UK only for the pur-

pose of "occasional residence"

be possible for bim to avoid UK and U.S. tax on \$450,000 due to him from an American recording company.

In the part of the distribution of the di

able noder s.49 of the Act because similarly described.

Rejecting the first argument, the deciding issues of residence or occa-

carefully chosen limited period was during the tax year he would avoid had been Los Angeles.

case over tax avoidance

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

reason for his absence from the UK tax would be payable.

no less "resident abroad" for tax UK tax, and if the money was paid purposes simply because the main to him before June 1 1978, no U.S.

PORTFOLIO DECISIONS MADE AT 'SEVERE COST TO CLIENTS'

# Funds blamed for \$ hedging

BY ERIC SHORT

UK PENSION fund managers have been heavily consured for hedging their U.S. portfolios last year at a severe cost to their

Cubie Wood, the acturial consultants, has measured the per-formance of 756 pension funds under its Investment Perfor-mance Monitoring Service and claims that almost all investment managers hedged in 1984 by sell-

VITAL parts of heat treatmen

equipment produced at the Scot-tish-based Consarc company, were

blocked before shipment to the So-

viet Union, the Department of

Trade and Industry said yesterday.

imposed as soon as it was realised

that the equipment could be used in the manufacture of material called

carbon-carbon, it moved to close

The Government fears that car

bon-carbon produced in special fur-naces could be used as a heat-pro-tective coating for Soviet missiles. The vital 5 per cent of the control

equipment was said to have been stopped, blocked at Hull docks from shipment to the Soviet Union, to a

According to the company, the bulk of the £7.6m order for vacuum

induction furnaces and isostatic

presses were shipped before the Government imposed a ban on the

The company said it bad applied

trade department on three occa-

sions and was told that the equip-

ment would not need an export li-

The department said the decision

was taken in consultation with Brit-

ain's partners in Cocom, a Paris-based organisation of Nato countries and Japan formed in 1950

to prevent the sale of strategically

important goods to Eastern bloc

In 1982 the Government support

ed John Brown Engineering, a Scot-tish company, which opposed ef-forts by the U.S. to stop its ship-

ment of gas turbines - produced

with U.S. components - from being

shipped to the Soviet Union. The U.S. imposed the sanctions after

the declaration of martial law in Po-

Section 49, the judge said, was

puzzling and its intention unclear.

He concluded that it was intended

to supplement s.108 and impose a

similar liability on people falling

An absence abroad for a few

weeks or months would count as

"occasional residence"; a year's ab-

sence would be long enough, and

have sufficient continuity, not to be

Tax avoidance schemes did not

find much favour with the courts

nowadays the judge said, but when

within it.

countries and China.

estination near Moscow.

shipment on February 8.

the gap on security grounds.

The department said the ban was

Security

block

ing dollars for future delivery. It says that this cost those funds in the service nearly £200m – an average of more than £250,000 per fund.

A report shows that total U.S. equity return in 1984 available to UK investors was 31.8 per cent, of which 25 per cent arose from the depreciation of sterling relative to the dollar. That major element of performance was lost by bedg-

Mr Keith Jecks, manager of the service, claims that the decision to hedge was unnecessary. He points out that if the original decision to invest in the U.S. was strength of the U.S. economy then the value of the dollar in the

long-term would reflect that strength He considers that the justifica-tion for hedging is based either on a need to sell investments in the near future - unlikely in the case of pension funds - or on an attempt to improve short-term

The report of 1984 results from Cubic Wood, claims that this is just one example of fund managers coming to important invest-ment decisions on the basis of short-term criteria - primarily with the aim of improving quar-terly performance figures.

# Odds stacked against union in postal workers' dispute

David Goodhart says union

leaders have taken on a

fight over working

practices that they cannot

on contract DISRUPTION now taking place in the Post Office is another classic example of the changing industrial re-lations culture in the UK nationalis-

ed industries. A new generation of tough-minded business managers has come into direct conflict with the slow-moving union-management consensus of old. The industrial action was probably inevitable and, indeed, the wonder is that it has not come before.

The Post Office, after all, has been nurturing many of the working practice changes it now plans to introduce for several years, and was criticised by the last Monopolies and Mergers Commission-Report for not acting sooner.

Now that finally it was moved decisively, it has pushed the union leadership into a fight on extremely unfavourable ground that it cannot seriously hope to win.

Indeed, early last month senior officials of the Union of Communication Workers (UCW) found themselves arguing to their special delegate conference that the key issue - resisting the increase in part-timers - was untenable in principle and, anyway, inconsistent with exfor, and received clearance from the isting local practice.

With official Trades Union Congress (TUC) policy stating that unions should curb overtime in the hope of creating more jobs the UCW
hope of creating more jobs the UCW
leadership reluctantly propelled by
its activists is going into battle – in
part – to preserve well above aver-

U.S. to discuss

MR ALEX Fletcher, Minister for

Corporate and Consumer Affairs, is

visiting securities groups in the U.S. to discuss the progress of the financial services revolution in Lon-

Mr Fletcher is seeing, among oth-

ers, representatives of Merrill Lynch, Goldman Sachs, Chase

Manhattan, the New York Stock

Exchange and the Securities and

Exchange Commission. He is also

meeting the Insurance Superin-

tendent of New York State and rep-

resentatives of the commodities

According to the Department of

Trade in London, the visit is de-signed to endorse the Government's

programme of deregulation in the

Mr Fletcher will also be present-

ing the Government's policy to-

wards the future regulation of the

British securities market

London financial community.

City changes

By John Moore,

City Correspondent

Fletcher in

seriously bope to win age overtime levels for a small

Of course, the issue bas become the far hroader and more emotive one of the Post Office versus tha

UCW, or does the management have the right to bring in historic changes without agreement. Although attention yesterday focused on the optical character re-cognition (OCR) machine at Mount

Pleasant, Britain's biggest sorting office, in London the issues of new technology and mechanisation find the two sides in broad agreement. The union decided not to agree to an extension in the OCR experiment as a quid pro quo for management's decision to press ahead with increasing the number of part-

timer workers from 8,000 to about

20,000. It is with part-timers - and

to a lesser extent the mandatory ex-

tension of the existing voluntary productivity scheme - where the

"peaks and troughs" nature of its business bas an above average reliance on overtime

over 20 hours a week.

find enough volunteers in the big city sorting offices towards the end week. That can affect reliabili-

In a business with labour costs accounting for an astonishing 80 per cent of total costs, any significant efficiency savings are likely to bave a direct labour relations impact. But the Post Office insists that of total package savings estimated at £180m, the union's members stand to pick up about £100m, or between £8 and £14 a week extra for all except the biggest overtime earners under the present system.

the Post Office, because of the

Of the 350m man-bours a year, 56m (about 16 per cent) are now overtime hours, which costs about £200m a year. Although 42 per cent of the 120,000 postal staff do no overtime, the rest average just under 14 hours a week, with a small group of about 10 per cent doing

Overtime is expensive for the management, with payments linked to a rapidly rising scale; it is also vo-luntary and therefore unreliable. Managers say it is often difficult to

The union sees many of these changes as essentially political and — as recently with British Telecom a softening up process prior to mak ing large parts of the Post Office

# Commission 'cooler' towards steel makers

these days, according to Mr Bob Scholey, who has just been elected president of Eurofer, the associabon of leading integrated steel producers in the European Communi-

'A different climate is emerging," Mr Scholey, said in London yesterday. This Commission is not as Mr Scholey is also chief executive of British Steel.

Mr Scholey takes over at Eurofer at a crucial time. Officially, the Commission'a eight-year programme to help restructuring in the EEC steel industry is supposed to end this year. But there remains vast overcapacity, and everyone knows a further period of produccontrols will be needed.

Eurofer has been a a crucial part among members under a succes- for review, in October,

THERE'S LESS sympathy in Brussion of agreements. Mr Scholey exsels for European steel makers pects to begin soon negotiating an agreement to replace Eurofer IV. which expires at the end of 1985. Eurofer is often called a cartel, al though some would argue that one reason the European steel industry is still in trouble is because the car-

its agreements. The problem. Mr Scholey said close to us as the old one," he said. bas been building mutual confidence among producers. "As long as there has been excess capacity, there have inevitably been tensions," he said.

tel has been ineffective in enforcing

The latest example was the failure of some producers to respect minimum prices imposed by the Commission at Eurofer's request last October. As a result, the Commission was

tion, price, marketing, and import reluctant to accede to Eurofer's recent request for an increase in the minimum prices, and Mr Scholey of the control system, organising fears there could be stronger oppothe share-out of production quotas sition the next time prices come up

# Plans for property tax reform promised

THE GOVERNMENT intends to issue its plans on rates (property ray) reform before the end of this year. probably in late November or De-cember, Peter Riddell writes.

Officials confirmed pesterday that the Government was determined to settle firm proposals before the next general election, after the five-hour munsterial meeting on Sunday chaired by Mrs Margaret Thatcher, the Prime Maister. Ministers agree that it is impossible for them to go into the next general election campaign without a clear promise on firm and detailed

Some senior ministers would like to see legislation enacted before the next election, probably in the 1986-87 parhamentary session, but no decision has been made on the course to take. The alternative would be to present detailed proposals in the next Tory election manifesto with legislation immediately afterwards.

Mrs Thatcher remains sceptical about proposals for a local income tax, which she believes would not discourage high spending local councils. The option of a poll tax, which would be levied at a list rate for all adults, remains on the agenda despite Home Office opposition.

Mr Robert MacLennan, the Social Democratic party (SPD) spokesman for Scotland, yesterday wrote to the Prime Minister expressing borror that the Government was apparently playing with the poll tax option. He said this would hit hardest those wast able to afford to pay any further taxatam.

Mr MacLennan urged Mrs Thatcher to take advantage of a computerisation of the tax system to introduce a local income tax. He said this would not only be fairer. but also make local government more accountable to its electorate. A REPORT in the Financial

Times by David Lescelles on the setting up of a UK Federation of Bureaux de Change was not significantly inaccurate or hiased, the Press Council said yesterday, in rejecting a complaint against the

Chequepoint, of Oxford Street, London, had complained that no opportunity was given for a timely response to be published to an inaccurate and biased article. The Press Council said that on two occasions the newspaper offered Chequepoint an opportunity to respond to the article but the offers were not taken

The article was headed "Bureaux de change body finds few members and reported the setting up of the federation to improve standards in an industry which has been the suhect of much controversy

I ICI main board nirector for the Americas, Dr Brian Smith, is leaving to become chairman of Metal Box. He will become the group's deputy chairman in July, and its chairman on the retirement of Mr. Denis Allport at the end of the year.

Dr Smith, aged 56, has been with ICI for 30 years. His earlier career was spent in the group's fibres division, where he rose to be divisional chairman before joining the main

A VERDICT on the future of Northern Ireland's gas industry might be delivered this week when the Government makes ils decision on revised proposals to pipe natural

### David Churchill looks at moves to turn round the fortunes of a retail chain

# Woolworth polishes its image PROBABLY the biggest mistake over, but still considerably more er but made consumers change John Beckett made when he took than the main chain could achieve. their spending habits. In addition, over as chairman of Woolworth Mr Beckett is the first to act the comparatively low level of infla-

Holdings in late 1982 was not re-Mr Beckett and his colleagues did

flirt with the idea of keeping the Paternoster name but were persuaded to retain the Woolworth identity. Unfortunately the Woolworth name while firmly established throughout the world as being one of the giants of retailing – bad become so tarnished in the UK that it yet may prove more of a hindrance than a 'satellite' stores – which other help in restoring the fortunes of the ple are still only talking about.' chain store operations.

Moreover, the Woolworth name masks the fact that the company has strategically moved away from dependence on its chain of 875 stores. Last Thursday's preliminary results for the year to February 3 learly showed this.

Tha Wcolworth stores chain plunged into a loss of £5.1m, from a prima sites. The jewel in the crown - produc-

exceptional items - was the 153strong B & Q do-it-yourself chain. B&Q produced trading profits of £28.6m compared with £19.3m in the previous financial year. The Comet electrical discount stores, acquired by Woolworth last year, produced £14.9m in trading

ing half of the group's profit before

decades of decay would take at least seven years and the half-way mark has yet to be achieved on this

very positive strides," he insists.
"We are actually doing things such as combining store sites with out of town ventures and creating include the proliferation of special-'satellite' stores - which other peo-The company is in fact divided

into four autonomous divisions. B & Q: Comet, the chain stores, and larger Wcolworth superstores, including Wcolco and Furnishing World. Yet in spite of the healthy trading

performance of B & Q and Comet, attention - both externally and inside the company - still remains trading profit the year before of firmly centred on the problems of £7.6m, although the loss partly the main chain of stores. No matter stemmed from charging the stores how successful B & Q becomes, tha an economic rent for occupying success of Mr Beckett and his colagues will undoubtedly be judged on what happens to Wcolworth in the High Street.

Woolworth's problem is that it is trying to huild a new marketing strategy for its chain stores at the same time as the retail world itself is in a state of flux. The 1980s seem likely to become a key decade of re-

Change in the 1980s has been acprofits. This was about the same as celerated by the recession, which the year before the Woolworth take- has not only reduced spending pow- formula is that the 12 main depart- track in the coming 12 months.

Mr Beckett is the first to ac the comparatively low level of inflaknowledge that the Woolworth tion in recent years has exposed Holdings in late 1982 was not retaining the Paternoster Stores chain stores' performance was "not those retailers which had become yet at all satisfactory" but remains the consortium of financial institutions, which acquired the stores chain from its U.S. parent.

If Parlight and his called was not retained that the potential for the stores chain from its U.S. parent.

Retailing in the UK in recent years has seen dramatic changes me-scale.

"But as a group we are making - such as Sir Terence Conran of Habitat and Mr Phil Harris of Harris Queensway.
Other trends that have emerged

ist multiples, especially in women's fashionwear, and the move by established retailers, such as Marks & Spencers, into new product areas.

All this has left the traditional

Wcolworth retail formula looking a bittle jaded. Mr Beckett and his new team of young managers - a mix-ture of hardened retailers and executives with top-level husiness exthey believe is the best marketing strategy to pull the stores round.
The holding company is prepared to back this up with substantial capital investment – about £50m a year on average in the next five years.

The new marketing plan is to concentrate on selling in six fundamental areas: do-it-yourself; clothing; leisure; convenience; daily provisions, and housewares. There will be 12 "core" departments in these six hroad areas, backed up by a further 12 support departments, as well as five traffic-huilding depart-

about 75 per cent of total selling space, rather than just over 57 per cent now.

The new strategy, is based on appealing to a more closely-defined target group than at present - the 25 to 44 age group in the lower-mid-dle and skilled working classes. This group accounts for the bulk of consumer spending in Britain. To help get the marketing mes

sage across Woolworth is also em-ploying outside design consultants and is experimenting with store layout and design. The store-closure programme which has seen more than 150 outlets sold in the past two years - may

also be coming to an end although there are still several uneconomic stores facing closure. Mr Beckett points out, however, that the Woolworth group has more selling space than when the compa-

ny was acquired, albeit largely as a result of B & Q's expansion and the takeover of Comet Yet Woolworth, with almost 14m

sq ft of selling space - nearly five times that for British Home Stores and twice that for Marks & Spencer - is still a long way from emulating the financial performance of those two competitors. The London stock market showed this week that it still has faith in Mr

Beckett's grand plan to hring the wonder hack to Wcolworth hy marking the share price up hy 62p on the day the results were an nounced. The honeymoon may soon be over, however, if the main stores chain does not show more signifi-The big difference to the present cant signs of being on the right

# Private coal group grows to meet demand

WHILE THE National Coal Board is busy squeezing produc-tion, Anglo United, a small company with seven UK opencast sites and sales of nearly £12m a year, says it can sell all the coal it can produce and plans to double output to 1m tonnes a year over the next two years, Maurice nuelson writes.

"The miners' strike hit our sales last year. But looking back it was a lot less horrible than it seemed at the time," says Mr David McErlain, Anglo's chairman, who launched the company's UK operations only three

Mr McErlain was speaking after the release last week of Anglo United's report and accounts for the year to October 31 1984. His company, which also has an anthracite mine in Pennsyl-

vania and is registered in Cana-

da, showed pre-tax profit of

The pre-tax profit was £600,000 lower than the previous year. Mr McErlain was basing his confidence on the speed of recovery in sales since last October

and the strong demand from power stations and industry.
For much of last year his major customers, including the Central Electricity Generating

Board, were either unable or un willing to take his coal for fear of industrial action by their own During the summer, when Anglo United's mines were in full production and the new Rough-castle mine in Scotland was

building up to 3,000 tonnes a

week, large quantities of coal

were either put to stock or pre-pared for immediate extraction. But in October, with winter approaching "a significant number of nur normal outlets opened of nur normal outlets opered again" and by the end of January all the coal from its English sites had been moved to customers,

generally fetching a premium of E3 to E4 a tonne. Until October, the company also delayed four applications for new opencast mines. But these have subsequently been submit-ted and more will be ledged to raise production to 500,000 tonnes in 1985 and ultimately Im tonnes a year in 1986-87.

Mr McErlain is more precise about the problems he encountered during the strike than the way in which they were over-

Pickets were present through out the strike at the Roughcastle mine, blacking coal which would otherwise have been delivered to the Scottish electricity industry. Nevertheless, by the autumn "a very good relationship" had been formed with the pickets. The company's biggest finan-ial headache arose from its lack

flow of cash needed to purchase the fleet of heavy dump trucks and other equipment for expanding production. According to Mr McErlain, however, this difficulty has been overcome. This company is on course to raise production in Scotland from 3,000 to 4,000 tonnes a week; and to reach sim-

ilar totals from the four sites in

Durham and Northumberland,

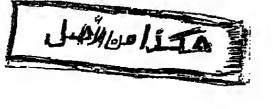
of demand from power stations in Scotland. That put at risk the

and the site at Telford, Shrop-

Unlike the large civil engineering companies, such as Costain and Taylor Woodrow, which supann raylor woodrow, which sup-ply coal under contract to the National Coal Board's Opencast Executive, Anglo United prefers, where possible, to develop its own greenfield sites and to sell directly to the market.

Despite picketing of some of its sites (at others no pickets were seen throughout the dispute) it was able to supply power stations in various parts of England. That trade rose sharply in the

That trade rose sharply in the autumn when power stations in the Manchester area suddenly became accessible. By then, some of Anglo United's undelivered stocks had risen so high that they were in danger of catching fire through spoutaneous combustion. Mr McErlain believes that an unstant letter he believes that an urgent letter he wrote to Mr Peter Walker, the Energy Secretary, helped to trig-ger off the movement of this inflammable coal to power sta-



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DIMENSIONS Design Decar Review

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capacity, they work on standardized software, and there is little difference in price.

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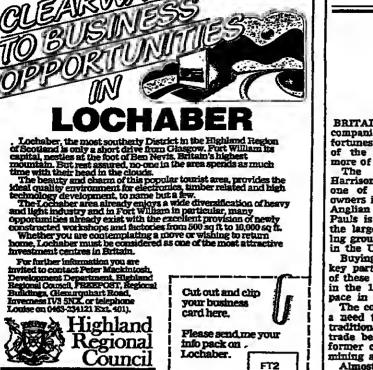
PHELPS DATA SYSTEMS, P.O. Box 245, 7300 AE Apeldoom, The Netherlands. Tel



### **UK OVERSEAS TRADERS**

# Bringing more of the riches back home

By Stefan Wagstyl





### **NEW DIESEL POWER** STATION

The Electric Company of Macau intends to build a 20MW power generating unit driven by a slow-speed Diesel engine (100-125 rpm).

Possible competitors are invited to apply for pre-qualification for this project, foreseen on a turn-key basis.

Detailed previous experience on this kind of project is essendal. The answers must be received by 6.00 pm on 30th April 1985

> CEM-Companhia de Electricidade de Macas PN 248/85 Largo do Senado 11 Macau (via Hong Kong)

BRITAIN'S overseas trading to cut its dependence on these companies, which made their links through diversification, fortunes in the far-flung corners It was reacting in part to the unore of their riches back home. The £116m takeover by Harrisons and Crosfield, once one of the largest plantation owners in Malaysia, of tha East Anglian agricultural company Pauls is the latest and one of the largest moves by the trading groups to make acculsitions in the largest make acculsitions in the largest moves by the trading groups to make acculsitions in the largest moves by the trading groups to make acculsitions in the largest moves by the trading groups to make acculsitions in the largest moves by the trading groups to make acculsitions in the largest moves by the trading groups to make acculsitions and Crosfield, once effect of the UK's entry into the EFC. Last year, Dalgety sold its remaining interests in New Zealand whila this year its stake in its Australian droughts on group profits, but also to that expected effect of the UK's entry into the EFC. Last year, Dalgety sold its remaining interests in New Zealand whila this year its stake in its Australian droughts on group profits, but also to that expected effect of the UK's entry into the EFC. Last year, Dalgety sold its remaining interests in New Zealand whila this year its stake in its Australian droughts on group profits, but also to that expected effect of the UK's entry into the EFC. Last year, Dalgety sold its remaining interests in New Zealand whila this year its stake in its Australian droughts on group profits, but also to that expected effect of the UK's entry into the EFC. Last year, Dalgety sold its remaining interests in New Zealand whila this year its stake in its Australian droughts on group profits, but also to that effect of the UK's entry into the EFC. Last year, Dalgety sold its remaining interests in New Zealand whila this year its stake in its Australian droughts on group profits, but also to the effect of the UK's entry into the EFC. Last year, Dalgety sold its remaining interests in the last year its stake in its Australian droughts on group profits, but also to the EFC. Last year, Dalgety sold its remaining interests in the last year its stake in the l in the UK.

Buying British has been a key part of the transformation of these companies which began in the 1960s and has gathered pace in the 1980s.

The common thread has been a need to diversify away from traditional activities in general trade between Britain and har former colonies, in plantations, mining and shipping.

Almost everywhere the traders have had to respond to

tha demands of post-colonial governments for greater control over their economies.
In Malaysia, Harrisons and Crosfield escaped the fate of fallow planters Sima Darby and Guthrie Corporation (which were taken over by local interests), by cutting a majority stake in its plantations coupany to 30 per cent in 1982. The threat of nationalisation has not been the only problem. Spurred by mounting foreign debt in the late 1970s and 1980s, several countries imposed strict foreign exchange controls, making it awkward to remit dividends to the UK, and sometimes interfering with the flows of commercial credit. Even in countries where profits on paper

Oil-rich Nigeria is a case in Companies have also had to services which local companies respond to changes in the pattern of trade. Dalgety, which made its fortune over 150 years from the agricultural commerce general trading to concentrate from the agricultural commerce general trading to concentrate mainstream activity."

The contrast with Dalgety. Orr, who came from Unilever to between Britain and Australasia, on local manufacture of soap, deliberately set out in the 1970s toiletries and refrigerators, with Harrisons has provisionally its interests in its traditional Inchaepe has been reorganising

are very high, traders have thus been unable to reap the rewards

in hard cash.

As the world changed, several traders saw investing in the

UK as a particularly attractive option chiefly because it is. after all, regarded as secure and familar territory, despite a reputation for slow growth. The change in tax law in 1973 which brought in Advance Corporation Tax provided another incentive. In effect this was a tax on dividend payments

which penalises companies with a high proportion of overseas earnigs, ACT, for example, helped drive the tax charge of Inchcape Group which earns much of its profits in the Far East to 73 per cent in 1983. The UK has not been the only bome for the traders' invest-

ments. Dalgety, for example, has matched UK acquisitions made in the past six years, with similar, purchases in the U.S., Lonrho, with acquisitions on both sides of the Atlantic in its portfolio, says it means to buy more in tha U.S.

But few trading companies have abandoned their colonial roots: Lourno still makes more than half its profits in Africa, and Mr Tiny Rowland, its chief executive, prides himself on his knowledge of the continent. Companies are adapting to survive—looking for new activi-ties, often in modern manufac-turing industries and specialised services to replace the simpler services which local companies

LONRHO

TRADERS ON MOVE—% GEOGRAPHICAL ANALYSIS OF TURNOVER ' Asia U.S. and other Europe (mainly UK) Africa Lonrho (1984 figs.) American Paterson Zochonis Europe (mainly UK Africa (mainly Nîgeria) Asia and Australia Harrisons and Crostlel Asia (Malaysia) U.S. and other UK and Europe Other

Nigerian partners in its operating companies. taken in timber; knowing that its exclusive logging concession each company shows both comparisons and contrasts:

For Harrisons and Crosfield the takeover of Pauls is an attempt to invest some of the

£146m the company received from cutting its stake in its Malaysian plantations. The group which is forecasting sharply increased profits of £82m pre-tax for 1984 after six flat years wants to add agricul-tural interests in temperate climates to its existing tropical businesses and make Pauls "the flagship for a sizable new

A glance at the activities of in Sabah was due to expire in ach company shows both com- 1982, it invested in UK timber companies in the 1970s.

Harrisons has also built up a string of chemicals companies in the UK, the U.S. and Anstralia, mainly in chrome chemicals and in distribution.

There is no suggestion of ebandoning the plantations. Among the group's recent pur-chases was the acculsition in 1981 of an increased stake in London Sumatra Plantations — which deals in palm oil, cocoa, tea and rubber in Indonesia.

Australian territories, could not be more marked. Dalgety's first diversification was into Canadian timber. It has made motor distribution and shipping a much stronger push into food processing — huying Spillers, the milling and baker group, for the milling and baker group, for the U.S., Dalgety acquired Dalsets of the Transfer Foods a frame food com-Australian territories, could not

McDonald's first-food chain.

Mr Terry Price, managing director, says the group, which last year made £67m pre-tax has achieved its aim of better earnings quality with a more broadly based company.

Lonrbo's pursult of the House of Fraser has distracted attention from the string of interests it has built up in UK engineer-

tion from the string of interests it has built up in UK engineering, motor distribution and leisure, including a chain of London casinos.

Across the Atlantic, its biggest success has been the acquisition in 1981 of Princess Properties, a group of hotels in Mexico and the Caribbean, whose profits belped to push the 1984 group total to £135m pre-tax exceeding the previous

pre-tax, exceeding the previous
1981 peak.

Fellow African trader Patermid-1970s pale in comparison with the £100m invested in new plant in Nigeria in the last four

years. PZ, which meda £30.9m pretax in the yeer to last May, says its future lies in close cooperation with its Nigerian part-

© For Inchape consolidation has recently been the order of the day. The group was a keen buyer of British businesses in the 1970s. Under Sir David

its 500 or so Individual com services. In the UK, while indior dealerships like Mann Egerton hava stayed in the group, peripheral businesses such as the Gray Dawcs merchant bank have been sold. The money raised has been used to buy the trading activities of the Transportation of the Gray Dawley Gray Continuation of the Gray gety Foods, a frozen food com-pany, and Martin Brower, a continental Services Group-highly successful supplier to tha McDonald's fust-food chain. company.

In Asia Incheape has been under pressure—It was forced to sell its assets in Malaysia in 1982 and 1983, and in Thailand It was hit by heavy losses in its farm equipment business, which belped to convert 1983's pre-tax profits of £70m into a £15m attri-butable loss after extraordinary write-offs. Incheape will not ebandon its commitment to the East—in particular it sets great store by the prospects of trade with China.

• If proof were needed that despite the changes of the past 15 years, traders stay close to their origins, then James Finlay provides it. This Glasgow-based tea company, established in the mid-18th century, made some adventurous UK acquisitions in son Zochonis says it is happy to have remained dependent on its 100-year-old links with Nigeria. The UK purchases of U.S. In the past two years Cussons soap company and Odex it has been tea, buoyed by a Raeasan toiletries group in the world surge in prices, which has boosted profits-accounting for more than 60 per cent of the company's £27.7m pre-tax total in 1983 and expected to provide a similar contribution in 1984.

Clearly, the traders have not found it easy to diversify around the world while trying to con-trol their often troublesome existing businesses. In the process, the more acquisitive comlike industrial or agricultural conglomerates than their former selves.



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### Banking Market

IS IT AN ART OR A SCIENCE?

Meat of the world a major commer-cial basks are recogalizing the essential contribution of their Markedag Olvisies. There are still areas of realstance is adopting aggressive marketing techniques. Penetration into the areas of whole-

oce, large end small, wish demonstrate their contribution appending market by adver

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### BASE LENDING RATES

Bank Hapoalim 13 %
BCCI 134%
Bank of Ireland 134%
Bank of Ireland 134%
Bank of Ireland 134%
Bank of India 134%
Bank of India 134%
Banque Belge Ltd. 134%
Barclays Bank 134%
Beneficial Trust Ltd. 14 %
Brit Bank of Mid. East 13 %
Brit Bank of Mid. East 13 %
CL Bank Nederland 134%
CL Bank Nederland 134%
Canada Perm'nt Mige 13 %
Cayzer Ltd. 134%
Cedar Holdings 14 %
Charterhouse Japhet. 13 %
Choulertons\*\*
Citibank NA 13 %

Johnson Matthey Bkrs. 131% Knowsley & Co. Ltd... 14 % Lloyds Bank .......... 13 % Edward Manson & Co. 14 % Edward Manson & Co. 14 %
Meghraj & Sons Ltd... 134%
Midland Bank ... 134%
Morgan Grenfell ... 13 %
Morgan Grenfell ... 13 %
National Bk. of Kuwait 134%
National Bk. of Kuwait 134%
National Girobank ... 134%
National Westminster 13 %
Northern Bank Ltd. ... 134%
Northern Bank Ltd. ... 134%
Norwheln Gen. Trust ... 134%
People's Tst. & Sv. Ltd. 144%
Provincial Trust Ltd. 144%
R. Raphael & Sons ... 13 %
P. S. Refson ... 13 %
Royal Trust Co Canada 13 %
Royal Trust Co Canada 13 %
Standard Chartered ... 134% 

# FINANCIAL TIMES SURVEY

Tuesday April 2 1985

# PORTUGAL

# BANKING, FINANCE AND INVESTMENT

Portugal is enjoying a surge in its export sectors, plus greater market liquidity and a strong external account performance. Foreign investors, however, are often hindered by regulations which could deter major international investment.

# A big boost for external accounts

PORTUGAL'S ECONOMIC Oscars in 1984 have been awarded to that epic "The incredible shrinking current account deficit," produced by the Wario Socret account deficit," produced by the Mario Soares Government, directed by Finance Minister Ernani Lopes from a script by the IMF, starring vigorous export growth, tourist boom and major emigrant remittances with a supporting cast of dropping imports, credit limits and careful foreign borrowing.

There were doubts about negative domestic effects of the producers' fight to keep down costs, but this did not detract from the triumph of the external accounts.

By DIANA SMITH

in Lisbon

years, was inundated with sophisticated offers by major

banks eager to participate in

this year's operation.

That was beady stuff for an

institution which had to sweat to get lenders to join a thinly subscribed Republic loan in

Praise was meted out on March 21 at a gathering in Lisbon of 47 international banks (led by Banque Nationale de Paris, Bank of Tokyo, Industrial Bank of Japan, Lloyds Bank of the UK, and Manufacturers Hanover and Citicorp from the U.S.) which signed the 1985 Republic of Portugal U.S.\$500m loan—the largest sum on the longest term (eight years) with lowest spreads over Libor (five-eights of a percentage point) Portugal has enjoyed in the

Market liquidity and the muscular external account performance encouraged bankers to let Portugal in on new financing instruments — short-term notes hacked by a revolving credit facility underwritten by the six lenders — for half the Republic loan. The other half was a

enforced austerity had halved the deficit to \$1.6bn, Portugal's creditors began to breathe more easily. So did the Government when it was not ducking flerce domestic criticism over falling buying power and ris-

ing unemployment. After 18 months of austerity and an enthusiastic response by exporters to renewed European and American demand, the de-ficit shrivelled to \$472m, the lowest since 1979 and just over a third of the original 1984 target of \$1.2bu agreed with the IMF. Its ratio to GDP shrank

Offsetting a slump in con-ruction, foodstuffs and vehicles, strong production increases in footwear, textiles, wood products (including pulp and paper), chemicals, hase metallurgical products machine components all export-orientated — demon-strated that many Portuguese manufacturers had the drive to create additional husiness, bowever restrictive the domestic climate, and in spite of claims by industrial associations such as the CIP (Confederation of Portuguese Industry) that the country was unable to function. subscribed Republic loan in early 1983, before a snap 1983 to \$5.2bn in 1984, cutting general election brought in the trade gap from \$2.88bn in Socialist-Social Democrat coalition and long-needed austerity. a far cry from the \$5.1bn 1981 Comparative figures are elogap that strained Portugal's

In 1982, piecemeal ecoonmic This occurred in the contramanagement by the previous centre-right coalition and reckdictory context of a 20 per cent drop in productive investment loan. The other half was a classic syndicated Eurolean. The Bank of Portugal, whose new Governor is Sr Vitor Constancio; a wily negotiator of Republic borrowing in recent time the first effects of bravely.

Sr Soares idea of supporting the cardinal task of supporting the supporting task of supportin

resources intolerably.

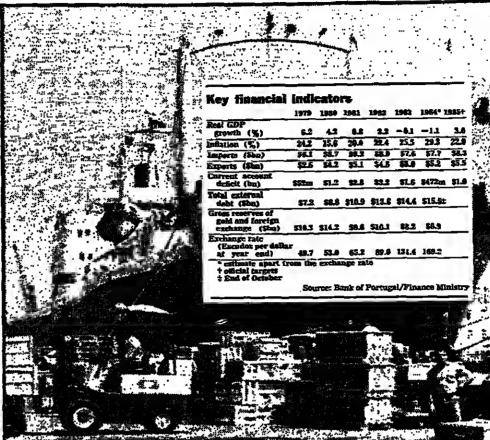
ployment than to memployment with no benefits. Only in late 1984 did the Government institute a more comprehensive unemployment benefit system.

Investment companies, whose business is medium-term, industrial project lending, reported booming 1984 business. Their multinational and export-oriented clientele continued to invest and expand.

In 1735 export growth may not maintain its 14 per cent 1984 levels, hut the Government forecasts 8 per cent export growth, and identical import growth, with a modestly-expansive GDP growth of 3 per cent. Constant watch will be kept on credit and imports to prevent a repetition of the explosion of import demand in 1980-82 that sent current account into a tailspin.

### A significant improvement

The current account also had a boost from 30 per cent growth in tourism bringing in 9.6m people, and from emigrants' remittances. These picked up after a three year decline. The 1985 deficit is now targeted at \$850m, \$1,150m less than the original figure agreed with the IMF whose 18 month \$380m standby deal expired in February. Cash flow improved so markedly that Portugal did not take delivery of the final \$90m tranche.



Signs of vigorous export growth, despite a restrictive domestic climate.

again public sector spending exceeded targets and forced a trying to enjoy simultaneously the benefits of power and the equivalent to 9 per cent of GDP. One sector did well, however—public transport which through ruthless pruning of election, due late this year when Gen Antonio Ramalho modest liberalisation of bankin frage of the property of the pr Esc 14bn (\$85m).

In principle, the coalition now has a strict timetable for implementation of long-delayed, much-discussed public sector reforms. Whether it keeps to it depends on the ability of the Government to withstand the unrelenting erosion caused by the Social Democrat Party (PSD) junior coalition partner whose disputatious national council has acted more like a party in opposition than a partner in

and capital markets.

Financial sector

The cool style of Sr Ernani

Lopes who has taken the lion's share of blame for the effects

of austerity from the moment

that, as a political independent, he took office as Finance Minis-

ter in June 1983, has helped the

financial sector to soldier along, ignoring party squabbles and

Eanes' second mandate expires. The general cannot constitutionally run for a third term. Wanting to continue in a so-farundefined political role, he has let a new party, the PRD (Democratic Renewal Party) be formed around his image. After a shakier debut than observers expected, the PRD bas declared its intention of participating in

candidate. So is the PSD, which rejected Sr Soares' idea of supporting his Presidential campaign —

elections, hut so far it is short

of a charismatic Presidential

In Brussels, where Sr Lopes has overlorded EEC negotiations, the professorial, pipesmoking minister finally allowed himself a hopeful smile when Portugal crept nervously towards the finish line in late March, after seven arduous

The Brussels negotiations were an object lesson for the Portuguese in hard-nosed, realistic hargaining to which the country was unused after generations of political and economic isolation. U.S. officials have energetic-

Contents Commercial banks: the pace is mickening as market awakes Foreign banks: crucial

Central Bank: a new look

Foreign Investment: all set

Capital markets: confidence is

some satisfaction early signs of market forces asserting them-

selves in banking as new enter-

Leasing sector: proceed

prises joln the scene.

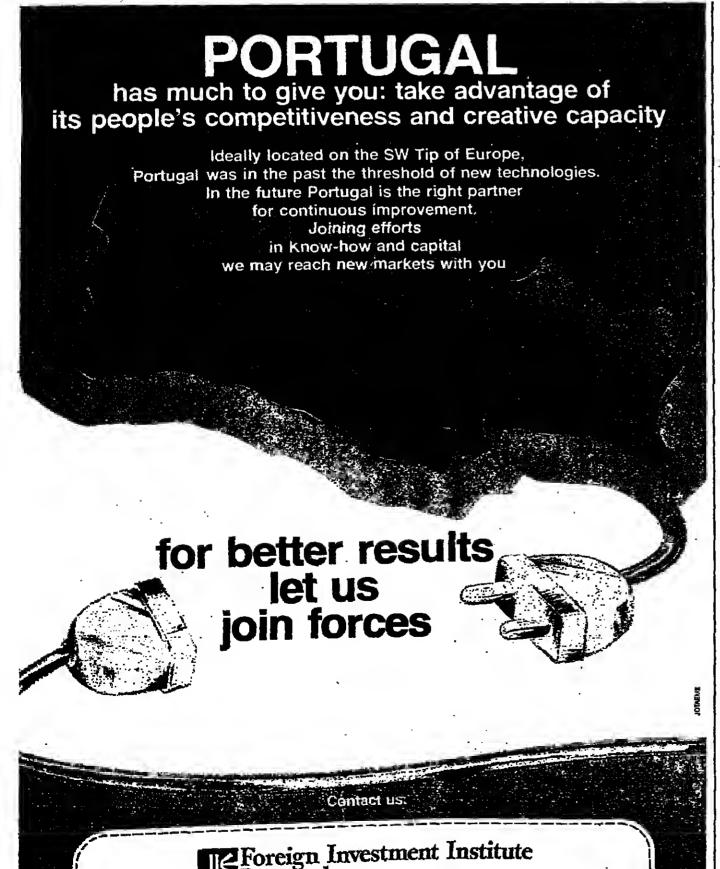
another record

the key factor

ally coaxed sceptical American businessmen to look closer to Portugal as a field for joint ventures. Captains of British industry emharked, literally, on a well-bred soft sell session on hoard the Royal Yacht Britan-The PSD's power plays have een counterbalanced hy nia, during the visit to Lishon of the Queen, hoping to con-Socialist insistence on putting government and stability first vince Portuguese officials and husinessmen of the merits of and party issues last — and the economy has benefited from modest liberalisation of banking

British technology. Barclays Bank has signed a protocol with the foreign investment institute to belp promote investment in Portugal through the hank's world wide network Numerous diplomats and offi-cials from the EEC and else-where strive continually to interest their citizens in bringing capital and technology to Portugal.

It would help if many Portuguese officials followed the examples of the Brussels negotiating team and attempted the possible, rather than the highly expensive economically unjusti-



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# The pace quickens as market forces awaken

The commercial bank system DIANA SMITH

THE ANAESTHETIC is wearing off. Market forces, driven into deep sleep when Portugal's commercial banks were nationalised in 1975, are awakening. Customers bave started to feel the benefits of dwindling bureaueracy and rising com-

The system first began to stir in 1982 when leasing and invest-ment companies, usually backed by mixed Portuguese and foreing capital, appeared on the market. They rapidly attracted clients eager to modernise or expand their businesses with the halp of the different financing instruments offered by the new

Many of the eight Portuguese commercial banks that emerged from nationalisation and mergers of 17 banks in 1975 bave shares in leasing companies that to succeed must be panies that to succeed mist be strongly-competitive, efficient and unbureaucratic: attitudes which are poles apart from trends that prevailed in tha nationalised banks, three years

ago.
The pace quickened after 1984. Legislative changes reopened banking to new foreign or donestic capital, with a aminimum capital requirement of Esc 1.5bn (\$8.2bn) at current exchange rates—rather cheaper than the \$11bn the requirement was

and the escudo dipped.

Nine foreign banks applied to open branches. Of the first two authorised, Manufacturers Hanover Trust, already with suitable premises, raced into operation last November. It now has Esc 70n (\$40m) deposits with 60 to 70 potential mistomers a day making

customers a day making inquiries.

Three Portuguese Commarcial banks have applied for licences

—Portuguese commercial bank
applicants — Banco Comercial Portugues, Novo Banco
Comercial and Banco De Comer-Comercial and Banco De Comer-cio Internacional—the first two with largely northern capital often from the same investors as SPI original capital, the third a venture of the Espirito Santo family, who were dispos-sessed in 1975, and of France's Credit Agricole, are strong contenders for Ilcences before the summer.

the summer.

Psychologically, their arrival on the scene will help to wind up a chapter of policallymotivated, bureaucratic shackling of the banking system.

the summer.

Nationalised commercial banks whose Marxist rationale in 1975 was central domination
—however sluggish or lossmaking—of financial networks
and industrial assets often controlled in the old regime by family banks are, a decade later in a different political climate, forced to re-learn bow to be banks, rather than arms of the civil service.

They must do so not only under the burden of past mistakes that drove nationalised banks to open hundreds of expensive branches with little have given foreign banks a

thought for cost-efficiency or quality of service. Staff excesses, too, were partly caused by the influx of 7,500 bank employees from former colonies. They had to be accommodated in national hanks. Then there were the

Austerity and a lack of ideas of what can best be done with savings has recently driven up the volume of six-month to one-year deposits, the favourite

Decrease in sight deposits that are cheap for banks, mush-rooming of time deposits that, bankers estimate, cost them 31-

Stronger capital ratios, rapid efficient services and the ability to respond to shifting demands

growing market share — now close to 4 per cent compared with 1.5 per cent a few years ago. Lloyds, with Esc 19bn deposits and 10 branches is bot on the beets of the foreign leader, Credit Franco-Portugais (Credit Lyonnais) with its Esc 23bn deposits and 11 branches. By the end of this year, the growth of Manufacturers Hanover and Chase operations will to be accommodated in national banks. Then there were the erosive effects of stop-go economic policies and frequent government changes over the last decade that have left the banks with lopsided sight and time deposit ratios, weak capital structures and pinched margins.

Austerity and a lack of ideas of what can heat be done with foreign banks but together are structured.

But all the deposits of existing foreign haves put together are foreign banks put together ara far behind those of the largest Portuguese commercial bank, Banco Portugues do Atlantico

bracket of Portuguese savers.

Currently, these deposits pay
27 per cent interest, minus
income tax: their average
growth rate in 1884 was 24-25
per cent compared with growth
of less than 15 per cent of sight
deposits.

Decrease in sight deposits
that are cheap for banks, mushrooming of time deposits that.

Banco Portugues do Atlantico
(BPA) with its nearly Esc 500bn
(35bn) deposits.

The BPA is a pioneer in
innovations (for Portugal) such
as the Eurocheque and autorestrain on Government orders
until other nationalised banks
could install their first ATM's.

The BPA is pioneering another concept with which it hopes to bankers estimate, cost them 3132 per cent computing overbeads, and tight Governmentimposed lending ceilings to
cnforce austerity, produced
negative 1984 margins for even
the strongest Portuguese commercial banks, and smaller
profits for aggressively-competitive foreign banks such as
Lloyds.

Lloyds gave itself a market
face-lift when it dropped the
old Bank of London and South
America nama and image last
year and adopted the name and
approach of the parent bank.

Stronger capital ratios, rapid

Meanwhile, prominent figures who began their careers in the 1960s with the BPA, the first Portuguese bank to employ university graduates as management trainees, are now rolling up their sleeves and with visible relish tackling the challenge of making nationalised banks more profitable.

Replacing Sr Francisco Veloso,

a BPA graduate who left nationalised banking to belo run SPI, Sr Rui Vilar, until nationalised banking to belp run SPI, Sr Rui Vilar, until recently Deputy Governor of the Bank of Portugal, bas taken over the Banco Espirito Santo e Comercial de Lisboa (BESCL), the third largest commercial bank, with a healthier profit ratio than some competitors, but much room for improvement.

The BESCL did not rush into hectic branch openings, kept with calculations below to the energetic rapid interbank credit information.

Teleprocessing and counce-tion to the international SWIFT long to the intern

the SECL did not run into torner owners the ment ramity shorter branch openings, kept who controlled much of Portuciose tabs on lending, avoiding gal's basic industry.

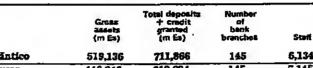
The system has cost the bank strive to streamline the tools of a rash of thoughtless or about \$65m in the last nine politically motivated lending in years. Banco Totta has sagged from new arrivals, questions 1975-76, and has done good busi- under the burden, and run up



There is growing competition among Portugal's commercial banks. Above: the Rua de Sao Paulo, Lisbon, with the Banco Português do Atlantico, on the right



Dr Mario Soares, Prime Minister of Portugal: his Govarmment won praise this year from the international banking community for achieve-ments in the country's external accounts



PORTUGUESE	(m Es)	(m fa)	branches	Staff	ranking
Banco Português do Atlântico	519,136	711,866	145	6,134	366
Bauco Pinto & Sotto Mayor	448,246	612,624	145	7,145	425
Banco Espírito Santo & Comercial de Lisboa	385,810	510,262	134	6,624	464
Banco Nacional Ultramarino	370,317	392,793	149	5,622	468
Banco Borges & Irmão	368,838	540,758	105	4,640	477
Banco Totta & Açores	347,315	434,036	124	4,982	484
União de Bancos Portugueses	223,048	304,354	119	4,338	
Ranco Fonsecas & Burnay	205,692	277,329	99	4,164	
FOREIGN Crédit Franco-Portugais	25,851	32,851	9	444	
Bank of London and South America (Lloyds B.L.)	14.251	16,403	9	271	
Banco do Brasil	1,613	1,383	2	56	

Source: Barroo Portugues do Atlantico, Occamber 31, 1983

Commercial banks in Portugal

ness in export financing, a preferential credit area established by the authorities permitting banks to raise credit card/ATM system, the Tottacredit they great to agriculture, and run up arise about the future of weaker, smaller banks. The answers are unlikely to come until there is adopting a cheque guarantee unlikely to come until there is adopting a cheque guarantee amore accurate gauge of the card/ATM system, the Tottacredit they great to agriculture, new industries and export.

At the Banco Totta e Acores, the fourth largest bank with deposits of Ese 251bn, another and a content of the fourth largest bank with deposits of Ese 251bn, another and the burden, and run up regular losses.

It is other banks, Totta is amore accurate gauge of the impact of new banks, and until there is a more accurate gauge of the impact of new banks, and until there is adopting a cheque guarantee unlikely to come until there is a more accurate gauge of the impact of new banks, and until there is adopting a cheque guarantee unlikely to come until there is adopting a cheque guarantee unlikely to come until there is adopting a cheque guarantee unlikely to come until there is adopting a cheque guarantee unlikely to come until there is adopting a cheque guarantee unlikely to come until there is adopting a cheque guarantee unlikely to come until there is adopting a cheque guarantee unlikely to come until there is adopting a cheque guarantee a more accurate gauge of the legislation permits a different climate. Only in a different climate. Only in a different climate would it be possible for someone the list of the world's largest banks (Esc 545bn deposits in market-conscious services.

arise about the future of weaker,

minutes or more to cash a 1982 amendment. A change simple cheque and reduce might begin with presidential elections, due in December.

While commercial banks Governments will not indefinitely shift treasury funds

to weak banks, now the market is coming into play.

1983), and the Banco de Fomento Nacional, the national development bank. Operating as funnels for credit to small / medium business, agriculture and fishing, manufacturing and special projects backed by World Bank, European Investment Bank, EFTA or other special funds. the two huge institutions play a vital role in Portugal's eco-nomic development and inter-

Portugal's strong-willed Fin-ance Minister, Sr Ernani

Lopes: seeking a more flexible

national co-operation.

They, like many commercial banks are moving their head-

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### and will spur the liberalisation of the financial system ahead of the country's membership of the EEC.

Manufacturers Hanover Trust and Chase Manhattan have set up full branches in the past three months which na/e set up full branches in the past three months which are concentrating on wholesale corporate business. They joined the three other foreign banks—Lloyds Bank International, Credit Franco-Portugais (part of Credit Lyonnais) and Banco de Brazil—which set up retail banking networks before the 1974 revolution and were the only banks to escape nationalisation.

in the hope that they will galvanise the elephantine state banking sector into becoming more efficient and modern

A second round of foreign A second round of foreign and Portuguese private bank authorisations is expected no earlier than April. Twelve banks have submitted applications to the surprise of the Bank of Portugal, which was not expecting such a large demand for so small a market. A certain amount of sabre-

A certain amount of sabre-rattling is now going on among those banks which have just set up and those which are hoping to be authorised. The banks fear that the Bank of Portugal may not be as flexible

foreign banks WILLIAM CHISLETT

Doors open to

with them as they were apparently given to believe, and this could squeeze their opera-tions at a vulnerable stage. The central issua is credit cellings and how and when they should be applied to the new banks. The subject is causing some consternation among bankers since their level of profitability hinges upon the kind of leverage they are given. The Issue is crucial. If the credit ceiling is much lower than expected then the banks recently authorised, and those wanting to set up, may have second thoughts about the viability of Portugal. This would torpedo the Government's plans to open up the system to foreign banks.

It should be stressed that thare would bave to be a dramatic breakdown in the discussions now taking place for this to happen. Both the new foreign banks and the Govern-ment have an interest in reachment have an interest in reaching a satisfactory agreement. Nevertheless, the fact that bankers are raising such a question is itself a comment on a delicate and highly complex situation, although they have a vested interest in over-stating their case.

Essentially, the new foreign banks would like unrestricted growth on the credit side of their business until they have a loan portfolio in the order of Es15bn—or 10 times their capital of Es1.5bn, the minimum needed to set up needed to set up.

Such a leverage would not be too far out of line with the international norm. Only then would the Bank of Portugal apply its complicated credit ceiling formula, which established.

PORTUGAL is opening its doors to more foreign banks can grant. Foreign bankers with the Bank of Portugal a

Crucial issue over credit ceilings

leverage of this order was tacitly accepted. The formula used, which is regarded as a state secret, assesses the weight of each bank assesses the weight of each bank within the sector, based on the structure of its deposits and loans. The global ceiling is then divided up among the banks accordingly. The foreign banks already established account for less than 2 per cent of the total credit granted.

In selectating the formula that

In calculating the formula tha Bank of Portugal has come up with a multiplier factor which is understood to be 1.4 for the new banks compared with one for the existing banks. This would give the new banks a proportionately higher ceiling to take into account, that they are setting up, and need to generate business quickly to meet high initial overheads.

The foreign banks say the multiplier factor is too low; a point which the Bank of Portugal rows account and it intends.

gal now accepts and it intends to raise it. More importantly, for the banks, the fundamental question of when to apply the formula has yet to be addressed.

" If it is applied from moment zero then we will be castrated,"
said a European banker whose
bank has applied to establish
a full branch. "It would give us
a leverage of 1—2 and we cannot do business in that kind of situation."

### Criticism

Moreover, by establishing a multiplier factor, the Bank of Portugal bas laid itself open to tha charge that it is treating tha new banks more favourably than those already established. The state commercial banks are already nervous about the in-cressed number of foreign banks, and those foreign banks deposits."

Foreign bankers, for their part, say that it is only fair to restrict their access to funding themselves on the interbank manufacturers are operating in a twilight zona while the issue is in the melting pot. It is understood that the bank of Portugal had calculated it should start applying the credit formula—Esc. 3bn—had already been surpassed by Manufacturers Hanover.

The Bank of Portugal bas told the foreign banks that if they are given a flexible credit policy which alows them to build up a reasonable loan portfolio.

The debate going on should not obscure the fsct that there is profitable business for foreign banks in Portugal despite being a tightly regulated market.

Bankers say that the difference between income earned on loans and the cost of deposits it is larger on avarage in Portugal is larger on avarage in Portugal to the scope of the credit celling.

Foreign bankers are loathe to market if they are given a flexible credit policy which alows them to build up a reasonable loan portfolio.

The debate going on should to obscure the fsct that there is profitable business for foreign banks in Portugal despite being a tightly regulated market.

Bankers say that the obscure the fsct that there is profitable business for foreign banks in Portugal despite being a tightly regulated market.

Bankers say that the sonly fair to restrict their access to funding themselves on the interbank market if they are given a flexible credit policy which alows them to build up a reasonable loan portfolio.

The debate going on should the sightly regulated market.

Bankers say that the difference between income earned on loans and the cost of deposits it larger on avarage in Portugal is larger on avarage in Portugal to the state of the second that the say that the difference between income earned on loans and the cost of deposits it larger on avarage in Portugal to the state of the say that the second to the say that the second to the say that the s already bere, like Lloyds, can bardly be expected to look un-

FOREIGN BANKS which have applied to establish full FOREIGN BANKS es in Portugal:

Société Générale de Bange. Banque Nationale de Paris. Citibank. Paribas. Barclays. Banque Indosuez

Banco Central (Madrid). Banco Exterior de Espana. Bank of Credit and Commerce International.

will not provide them with exchange risk cover. The central bank argues that its domestic interest rates have been sufficient to offset the large devaluation of the escudo: point which is not accepted by the foreign bankers. They claim that the Bank of Portugal is back peddling on a verbal promise it made to provide foreign exchange cover.

The Bank of Portugal has

observed from the projections made by the foreign banks in their applications that most of them intend to fund themselves more in the interbank market than with deposits. The interbank market is a cheap source of funds as there is considerable excess liquidity — precisely because of the tight credit ceilings which are imposed for balance of payments purposes. The foreign banks, the Bank of Portugal believes, would then do a good business in lending out those funds.

out those funds.
"We cannot let this happen as it would mean stealing credit ceilings away from other banks," ceilings away from other banks," said a senior Government official. "The only way the new foreign banks are going to get the kind of leverage they would like in a short time is if they bring in external funds or take deposits."

Foreign bankers, for their part say that it is only fair to

for lending and deposits. (Only

free). The state commercial banks deny this, but this is because they are obliged to give priority to business such as emigrant remittances (more than 1m Portuguese live in France), an important balance of payments item ,which have a

of payments item ,which have a high deposit rate.

Foreign banks have more flexibility to pick and choose their business, and are tightly-run ships, unlike the grossly over-manned state banks,

Lloyds operation in Portugal made a net profit of Fsc 243m

Lloyds operation in Portugal made a net profit of Esc 243m last year, compared to Esc 353m in 1983, and it created for the first time a general provision of Esc 350m, which in Portugal is a good tax charge. The return on its capital and reserves was 19.5 per cent and the return on assets 16 per cent, which makes it a highly profitable concern by international standards.

Lloyds recently carried out a vigorous publicity campaign to get across its change of name in Portugal — from Bank of London and South America to Lloyds Bank International, which it believes is a snappier and more international mane in the face of increased competition.

the face of increased competi-

### Increase

Lloyds odded Braga in northern Portugal to its list of branches, which now number 10. The size of its staff has increased by 10 per cent whereas its balance sheet doubled last year, which means that in 1985 it will have to be even more agile in managing its liabilities. Apart from the credit ceiling issue, attention is now focused on which banks will be authorised in the second round. It is probable that two private authorised in the second round. It is probable that two private Portuguese banks will be included and three foreign banks. The Bank of Portugal believes the maximum number will then bave been reached. In the first round, European banks were excluded because the Government was annoyed at the way its EEC membership discussions were dragging on, and it wanted to send out a signal to this effect. It was a rather facile approach since the banks have nothing whatever to do with Portugal joining the do with Portugal joining the

do with Portugal joining the EEC.

The current theory among local wags is that providing there is no breakdown over Portugal's membership, then two European banks will be earthorised—probably Barclays and Banque Nationale de Paris—and Citibank.

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# Plans to bring radical change in bank rules

THE 139-year old Bank of Portugal, that sober institution that acts as the issuing and central bank and custodian of Portugal's gold, is likely to develop a new look under its new Governor, Vitor Constancio.

At 41, Sr Constancio is one of the world's youngest central bank governors. With some diffidence and a rueful smile, elicited by waiting several months for official confirmation that he was expected to step into the shoes of the retiring governor, Prof Jacinto Nunes, he typifies the image that younger Portuguese public personalities want to give of their generation—internationally respected, politically alert and technically able.

New look at the

Central Bank

DIANA SMITH

He is known among participat-

nationalised in late 1974.

have been its trademarks.

Even in its more autonomous era it had consistent character-

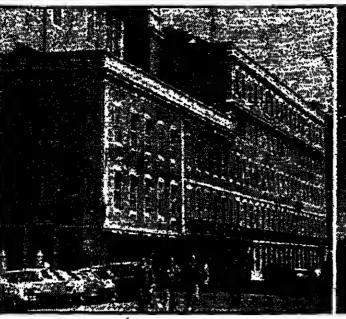
Sr Constancio is no stranger to the central bank: ten years ago he became head of its research department, then in 1977 he was made a vice-governor. Two years ago he became the only vice-governor to instal a personal computer in his office—a reflection of his bassion for many technology. passion for new technology.

Between his office computer, the is known among participating bankers as a smart bargainer who keeps pace with sophisticated developments in the financial markets and quietly but firmly haggles for the best terms for his country. home computer and the miniature pocket calculator be whips out to give percentages and currency conversions to enquiring visitors, the new Bank of Portugal governor has a fair sample of the tools of modern banking at his personal

since Sr Mario Soares returned to power in 1983 in the wake of explosive growth of the balance of payments deficit and foreign debt, the Bank of Portugal has had overall responsibility not only for negotiating republic of Portugal borrowing but for supervising borrowing by public sector companies which must fit in with the central bank's amual foreign borrowing programme. Having had semi-autonomous status and financing before the Young enough to escape the highly formalistic not to say paternalistic conditioning of paternaristic commoning of Portugal's pre-1974 financial system, Sr Constancio bas built up a formidable reputation among his compatriots and international bankers and businessmen since he began to appear in public office in the mid-1970s.

He joined the Socialist Party, led by Sr Mario Soares—a party that has shifted regularly to the Right since its 1973 formation and now sits a fraction Left of Centre, and has served in governments in which the Socialists took part—as Secre-tary of State of Budget and Planning in 1975-76, as chair-man of the first Government Commission for European Integration following Portugal's official application to join the European Community in 1977, and as Minister of Finance in

Recently, Sr Constancio has headed the Bank of Portugal negotiating the annual Republic being drafted for new rules for of Portugal syndicated loans, the bank and should be in



The Bank of Portugal where its new Governor, Vitor Constancio (right) seeks a less rigid system to make the banking sector more dynamic

force by the end of this year. Two radical changes are Two radical changes are already in the pipeline. They will make banking more dynamic and elastic: the paternalistic money market set up in 1978 will cease and a new interbank foreign exchange market will begin by June.

Before 1978, Portugal had no interbank money market and no foreign surrency market. Banks foreign currency market. Banks solicited funds from the central bank, which also fixed daily foreign currency rates and barred any foreign exchange trading. In 1978, an interbank money market of sorts was created: representatives of all

created: representatives of all banks, national or foreign operating in Portugal, meet three times a week at the Bank of Portugal, supervised by a Bank of Portugal official, seated at the head of the table.

Soon this will end: interbank money marketing will be done between bankers vie the telephone and the Bank of Portugal will withdaw from its role as "nanny" in this market.

The foreign exchange market.

status and financing before the change of political regime in 1974—some of its shares were quoted on the stock market—the Bank of Portugal was fully The foreign exchange market, The foreign exchange market, promised for three years but only now getting off the ground, will be introduced in clow stages: first, an interbank spot market, for which the Bank of Pottugal will fix reasonably wide daily margins inside which bunks may trade. In about a year from the start of the interbank spot, an interbank forward market will come into being. istics: control, painstaking deliberation and often excessive slowness in responding to government policy and new features of the financial system have been its trademarks.

The new governor and the strong-willed Finance Minister, Sr Erani Lopes, who like Sr Constancio is in his early 40s, want something less rigid and more rapid. Proposals are now being deathed for new rules for eing. Rather further in the future, international spot and international forward markets will complete the cycle.

This development will put an end to the monopoly held by the Bank of Portugal in foreign

exchange transactions and a public which, despite reduce some of the red tape austerity and inflation is still through which even minor among Europe's keenest group foreign exchange transactions of savers. of savers.
Public response to bond
issues by utility or public sector
companies has been overwhelming. The Finance Ministry

This innovation has been eggerly-awaited by national and foreign banks, as a means of increasing competivity which the stronger Portuguese banks are starting to welcome as they

The paternalistic money market, set up in 1978, will cease and a new interbank foreign exchange market begins in June.

become more market-conscious and less bureaucratic, and as a sign that Portugal is shifting out of buneaucratic gear into more adventurous cruising

As market forces begin to assent themselves, the Bank of Portugal will, to the relief of its new governor, be able to develop more sophisticated and less paternalistic relations with the benking system, and a more cralitarian and less filial relationship with the Finance Ministry to which it is ultimately responsible.

Sr Constancio is avid for a greater share for the central bank in decisions on financing state budget deficit which hitherto has concentrated on bank loans (at chestp interest), that drain the national banking

Sr Constancio would like to see more recourse to treasury Comercio, for signs bonds made widely available to modernity and flexibility.

# Fresh innovation in the private sector

PORTUGAL'S investment com- that he could not instigate panies and especially Banco change from within the system Portugues de Investmento and break the mould. pamies and especially Banco Portugues de Investimento (BPI), which was given permission last month to establish the country's first private investment bank, are bringing change and innoverion to a highly undeveloped financial

With crippling interest rates, financing by ways of share issues on the stock exchange moribund, and the dead hand bureaucracy heavily oo the state run bank-ing sector investment com-panies and BPI have appeared as saviours to the hardpressed Portuguese private sector.

It is quite clear from the results of BPI — which began life in 1982 as the investment company SPI, the first private financial institution to be set up since the 1974 revolution wheo the Portuguese banks were nationalised—that there is considerable scope and demand for their services.

They include medium-term appears to share Sr Constancio's belief that the time has come inancing (the main ectivity), making private bond place-ments, advising companies about the international capital to attract savers to treasury When he took over the governorship, Sr Constancio put aside his Socialist party a vivities to avoid conflict of interest. about the international capital markets, locating overseas markets and potential foreign investors and maybe later introducing sophisticated (for Portugal) financial instruments like commercial paper. The territory is virgin.

BPI mede e net profit of Esc 83.5m (\$439,460) last year, after Esc 52m in 1983, and put Esc 142m into provisions for The fact that he is a Socialist who led the party's economic counselling and planning, his appointment was criticised by the junior partner in the coalition, the Social Democrat Party.

Esc 142m into provisions for sundry risks. After only three years in operation it will dis-tribute its first dividend of

The criticism, appareouly bred by an urge by Social Democrat leaders to satisfy their rank and file that they

were taking independent stands, rather than by doubts about Sr

Contancio's qualifications for the job, soon petered out. It proved difficult for the chronic-ally-dissident Social Democrats

an economist of such prominent

over, the hanking community

will start watching the stately stone pile, on the corner of the

Rua do Ouro and Rua Comercio, for signs

international renown.

sustain an argument against

A former Finance Minister and deputy governor of the Sr Constancio was sworn in early March, before a packed audience, in the ceremonial hall of the Finance Ministry, into Bank of Portugal in the heady days after Portugal's revolution, Sr Santos Silva left government when he realised which national and foreign bankers, cableet ministers and diverse officials crowded to eppland the new governor and pay tribute to the departing one. Now that the speeches are

Loan portfolio

Net profit

Apart from BPI, the other privately or mixed investment

companies are MDM, which is owned by Morgan Guaranty, Deutsche Bank and J. Mello, a Portuguese private holding company; Euro-Financiera, a joint venture between the Banco de Fomento Nacional, the state development bank, and Banque Nationale de Paris;

### Investment companies WILLIAM CHISLETT

FINC, owned by Trafelgar House of Hong Kong, and two

BPI and MDM, which made a net profit of Esc 28m last year, compared to Esc 12m in 1983, made their first private bond placements last year and they were quickly snapped up. BPI placed an issue of Esc.
Ihn for the large textile concern Manual Goncalves, which
was the first time that a private
non-financial portuguese company had recourse to the
domestic bond market. It also placed another issue of Esc 600m for the beer company, Unicer and the next issue, also of Esc 600m, will be for Hoechst's operation

MDM carried out an issue of Esc 600m for Inlan, the subsundry risks. After only three sidiary of General Motors. The years in operation it will disribute its first dividend of pany, which is under capitalised like so many concerns in BPI's success is something of portugal, to overcome the tight a personal trimph for its president, Sr Artur Santos Silva, who is regarded as one of the guiding figures behind Portugal's financial counter-revolution.

A former Finance Minister 50 per cent of their capital and sidiary of General Motors. The

50 per cent of their capital and reserves; a limit which is designed to force them to borrow from external sources and not be a drain on domestic financial system.

Bond issues have to be authorised. The fact that Inlan's issue obtained approval, although strictly speaking it breached the borrowing limit, has been interpreted in some quarters as a sign that bonds could become a loophole out of this situation.

Despite a difficult economic environment, characterised by a drop in productive investment of around 20 per cent last year, BPI's loan portfolio rose Esc 2.2bn to Esc 5.7bn. This however is still tiny compared to the Portuguese state banks.
BPI's resources were a mere
Esc 13bn at the end of 1984,
compared to over Esc 400bn for the largest state commercial

BPI's equity of Esc 1.5bn (Esc 400m for investment com-panies) is split among 100 Por-tuguese shareholders with 72.5 per cent; the World Bank's International Financial Corporation has 7.5 per cent and Deutsche Entwicklungsgesellschaft, Credit Lyomais, Union Bank of Switzerland and Britain's Investors in Industry 5 per cent stakes each.

Some of BPI's senior execu tives have been tured away from the state banking sector like Sr Francisco Veloso, who was chairman of Banco Espirito Santo and also sat on the suditing board of the Bank of Portugal, Higher salaries and the chance to be innovative are producing a mini brain-drain from the state banks, many of whose boards are depleted.

BPI has taken a 20 per cent stake in Fichet, the French con-cern which makes safes (a pro-mising business in Pontugal, where crime has been rising), a 10 per cent stake in Soja, a food processing company, and a 20 per cent share of the leasing company Slibail. BPI has elso submitted an application to set up an invest-

ment trust with the three largest Portuguese commercial banks and plans to take a 10 per cent stake in a new commercial bank whose other share-bolders, including the sugar group Rar, and Sogrape the wine group, are elso share-holders in BPI

If permission is granted for both these institutions, BPI would cover the whole range of banking and would be a competitive force to joit the 5.7bm state banks out of their compla-

# PORTUGUESE ECONOMY:

### from stabilization to modernization and growth

Portugal is a small, open and new industrialised economy. Imports and exports account for a large share of demand and output. Imports are predominantly non-competitive, namely energy related (petroleum), food and raw materials. Exports include manufactured goods (textiles, chemicals, paper and pulp) and services (tourism) vices (tourism).

The second oil shock, a severe drought, the international recession and the attempt to sustain a high level of domestic demand and employment all led to a deterioration of Portugal's external payment position. High interest rates in international markets and adverse exchange rate developments compounded the problem.

The Government, which enjoys a comfortable two-thirds majority in Parliament, that enhances political and social stability, implemented, as soon as it took office in June 1983, a stabilisation programme to face up to the unfavourable situation. The stabilisation package included a devaluation of the escudo, an increase in the interest rate and a substantial tightening of monetary and fiscal policies. Utility prices were increased to reduce the deficit of state-owned enterprises. Some other administered prices were allowed to rise, so as to lower subsidies and therefore the budget deficit. Taxes were raised and public spending was cut. A stand-by agreement with the International Monetary Fund was signed later in October of 1983. age included a devaluation of the escudo, an

The economy adjusted remarkably well to the stabilisation package. The main targets agreed with the IMF were achieved. In 1983 the current account deficit reached 1.6 billion (against 3.3 billion in 1982), while the target agreed with the IMF was \$2 billion. This important recovery was the combined result of domestic demand restraint and expenditure switching policies. Domestic demand decreased switching policies. Domestic demand decreased by 7 per cent in real terms, but its negative by 7 per cent in real terms, but its negative effect on output and employment was almost offset by the positive contribution of external trade: exports increased by 17 per cent, while imports dropped by 9 per cent in constant escudo prices. So, GDP recorded only a marginal fall (half a percentage point).

Public sector borrowing was cut very substantially. As a share of GNP, the public sector borrowing requirement fell in 1983 by about 1 of its 1982 value. External debt growth decelerated notices him over the same period decelerated noticeably over the same period and its service burden was improved.

According to the latest statistical data the adjustment process continued in 1984. The current account deficit is expected to be significantly less than half of the 1983 figure and well below the target of \$1.25 billion specified in the agreement with the IMF. As in the preceding year, this significant improvement reflects both the decrease in imports associated with the slowdown in final domestic demand

and the remarkable increase in exports (both in traditional as well as in new exporting goods) and in touristic receipts. The growth of the foreign debt was contained, following the behaviour of the current account balance.

Although Portugal has been able to reverse unfavourable previous trends and to stabilise its financial situation, it could not avoid suffering the associated economic and social costs. Inflation has increased as an immediate result of the price liberalisation measures and of the escudo devaluation; unemployment has risen. Economic activity is at a low level, particularly in the domestic oriented sectors. Gross Domestic Product may have dropped by 1.5 per cent in 1984.

Financial stabilisation is no doubt a prerequisite to the implementation of more profound structural changes, which are imperative for a better performance of the economy and for a successful integration in the EEC. It is expected that the opening up to private capital of sectors such as banking, insurance, cement and fertiliser industries will work in that direction. Three private banks were recently allowed to operate in Portugal; it is expected that others will follow soon. Furthermore, the modernisation of the financial sector enjoys a high priority in the government plans. Some recent developments are encouraging. The recent developments are encouraging. The leasing and investment companies are expanding significantly their activities, thus increasing the range of financial operations available to borrowers, until recently confined to the banking sector. The government intends also to develop the role and importance of the stock market.

The budget for 1985, approved by Parliament just recently, was drawn up in line with the aim of not jeopardising the consolidation of the economic situation. The adjustment in the personal income tax brackets will help the recovery of consumer spending. The rationalisation of public administration and the restructuring of nationalised industries will contribute to a better performance of the broadly-defined public sector. For 1985 the economy is expected to show a moderate growth, which will be led by the export sector.

However, the efforts towards modernisation and development of the economy will have to count, to a large extent, on the co-operation of foreign investors and with the international of foreign investors and with the international financial community. Attractive conditions are offered to direct foreign investment. It can rely upon high profitability, favoured by skilled manpower, low labour costs, tax facilities and significant growth potential. The forthcoming EEC membership is another strong incentive to foreign investors. It is hoped that they will join in this modernisation effort.

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PTIONS



# More investors lured by low labour costs

Record year for foreign investment

WILLIAM CHISLETT

"A LITTLE Taiwan in Europe is bow one European accountant, based in Lisbon, summed up the advantages which Portugal offers to

foreign investors.

Labour costs are the cheapest Labour costs are the cheapest force is considered highly productive under the right environment, there is good potential for growth in almost every sector of the economy, particularly agriculture and particularly agriculture and tourism, and the country is well placed as a springboard for exporting to the EEC.

ment. The revolution is now hardly remembered by those hardly remembered by those foreign companies who stayed in Portugal, some of wbom lived through board room takeovers by workers. But the revolutionary image persists abroad to the chagrin of Sr José Viana Baptista, the head of the Foreign Investment Institute, who spends a lot of time travelling to dispel fears.

There are signs that Portugal

There are signs that Portugal is at last beginning to turn the corner. New direct foreign investment last year totalled \$191m, compared to \$146m in 1983, the highest ever yearly figure. The investment institute made its first tally of foreign capital last year and estimated total capital at Esc 38bn (\$2bn) beld by 1,400 companies.

This figure, bowever, does exporting to the EEC.

Foreign investment is very impact of foreign companies on low in Portugal; the country the economy since many of the has suffered from its 1974 older foreign companies still

revolution which led to the operate on their original, often withdrawal of soma companies very small, capital and use and a freeze on new invest- higher reserves to cover their operate whether the main foreign companies were small, capital and use higher reserves to cover their needs. More revealing is the institute's figure that the 10 main foreign companies were responsible for 12 per cent — or \$540m — of total exports.

They are Renault, Texas Instruments, Grundig, MPI (part of Control Data of the U.S.), Celbi, the Swedish pulp concern, Isopor (a joint venture with Upjohn of the U.S.), Philips, Cablesa and Inlan, affiliates of General Motors,

Most of last year'e new investment was in the tertiary sector. Foreign banks are taking advantage of a more liberal financial system.

The majority of foreign companies are involved in exporting, a lucrative business by all accounts, or are retooling to become exporters. The domestic market is small and depressed and Portugal's membership of the EEC, assuming it goes abead, will bring greater export opportunities. The shoe and textile sectors

are two export areas of particular interest to foreign companies. The West German children's shoe manufacturer, Etefanten, recently established an operation solely for export-ing. Some Spanish shoe makers Euroleasing has been even are also beginning to make more cautious, with new business of Esc 1.1bn last year at the sama level as in 1983.

High Some Spanish and the make are also beginning to make inquiries. Shoe leather is 25 per cent cheaper in Portugal than in Spain and labour costs

are one third the Spanish level. Electronics is another prom-Ising sector. Texas Instruments injected \$43m of fixed capital into its plant near Oporto last year to double exports of integrated circuits. It brings in the components, puts them man, together and ships them out The again. The company is working centr seven days a week, around the

The productivity, cheapness and passive nature of the Portu-guese work force are the main factors luring investment. Investors are surprised by the conditions which Portuguese workers are prepared to withstand. Apart from low wages (an average hourly rate of \$1.69 in 1983, compared to \$10.67 in West Germany), a sizeabla six months and to renew their position), or whether it should on its face.



Sr José Vlana Bantista, bead Institute: seeking to disper fears.

### Foreign investment

Direct new foreign investment (rounded up to nearest million]: 1980, \$125m; 1981, \$152m; 1982, \$124m; 1983,

\$146m; 1984, \$191m. Main countries investing in Portugal: U.S., 35%; France, 12%; Switzerland, 11%; U.K., 10%; Holland, 4%; West Germany, 4%; Japan, 4%.

Source: Foreign Investment

number of workers in ailing companies have not been paid for several months. " In other countries, managers would get bullets in their knees, but here nothing seems to bap-

pen," says a European business-The main complaints still centre on the slowness of the bureaucratic machinery in

which visited Portugal last month was quick to stress that while they saw some opport-unities and were pleased with the drift of policy they wanted much greater freedom to hire-

Sr Viana Baptista has managed to speed up the process of granting permission to set up new ventures to 90 days. If, by that time, the institute has not communicated its decision, then the applicant can take this as tacit approval and go ahead. Sr Baptista would like to bring this

period down to 60 days.
Two major investments are nearing completion and another, concerning Rio Tinto Zinc Metals, is becoming a con-

Wiggins Teape has agreed to increase its payment for a 42.5 per cent stake in Soporcel, Portugal's largest single pulp mill, from Esc 7.5bn to Esc 8.5bn as it bas accepted the Government's case that it is European over capacity in

A sensitivity analysis test Is being carried out to determine the viability of the paper project. If it is positive and the Government carries out some infrastructure work, Wiggins Teape would be prepared to commit itself to a greater invest-

obtaining permits to carry out day-to-day business and the rigidity of the labour laws, which make it virtually impossible to sack people against their wisbes and lay-offs can be simplest, the argument boils down to whether Portugal chould export raw materials, in appaar to bave entered a deliquite expensive.

A degree of flexibility bas been introduced into the employment situation by allowing from the rich Neves Corvo allowed to link up with EDMA.

contracts over a maximum of three years before taking them on permanently.

A group of 16 U.S. companies which visited Portugal last risk of creating a white

elepbant. elephant.
Rio Tinto agreed in principle
last year to buy the 49 per cent
French stake in EDMA, tha
majority Portuguese owned
mining company. This decision
was communicated to the
Government which asked Rio
Tinto to wait until the end of
November to allow EDMA to dra-November to allow EDMA to declde whether to exercise its

pre-emption option.
When nothing happened Rio
Tinto felt free to deposit \$87m
in escrow in Paris for the French interests. As Rio Tinto tells the story, It then learned under review which if they met that the pre-emption period had materialise will have a significant impact on the economy.

One, for Wiggins Teape, the Anglo-American of South UK paper concern is reportedly Africa, Uoion Miniere of Belnearing completion, and another, concerning Rio Tinto and Outokumpa of Finland Cline Metals, is becoming a completion. offeriog the French share. which, it says, was not theirs to offer.

### Shock

Rio Tinto itself was agbast to receive a letter which asked them to "make an offer to buy should pay a premium. Distibe sbares which you have alcussions are now going on about ready contracted to buy from whether Wiggins Teape will the French, in the event that we become involved in a paper exercise our right to preproject, which it was not emption." It would seem that initially interested in as there the Government is trying to extract a premium for the French share.

Rio Tinto believes that with the present over-capacity in Europe and the low return on assets of smelters, it would not be to Portugal's advantage to have its own smelter. Rio Tinto, however, is prepared to consider the issue, although it believes it ment. would make more sense for The Rio Tinto discussions Portugal to take a stake in the smelter in Huelva (just over the border in Spain) in which Rio Tinto is involved.

By the time the March 15 deadline expired only one company had submitted a bld and companies to take on people for deposits (the Finance Ministry's All the Government got was egg

# Companies proceed with caution

Prospects for leasing sector WILLIAM CHISLETT

AFTER THREE years in the market, Portugal's seven leasing companies are going through a period of caution and are turning down most new business.

When the companies began in 1982 to offer a completely new instrument for Portugal they were keen to take on a lot of business and establish them-selves. Enterprises, for their part, saw a cheaper and more flexible way to obtain industrial plant, equipment and computers. Doctors and dentists grabbed at a tax deductible chance to replace antiquated equipment.

Now, with the Portuguese economy in the trough of a recession, and with political un-certainties surrounding tha 1986 elections, leasing companies believe it is prudent to curtail the growth of new business— which has become highly com-

in 1982, its first year of opera-tions. A year later it was turning down two in every three requests. In 1984, for avery new contract it made, it rejected another offer.

Of the 2,000 contracts Locapor has made over the past three years, around 100 have had to be terminated, mainly because the customers fell because the customers behind in payments. Most of to be people who leased small construction equipment, after being sub-contracted to work on road building programmes in northern Portugal. When the Government cutback on poblic works projects, as part of its austerity measures, these people were left high and dry.

The declining fortunes of the construction industry can be seen in the structure of Loca-por's — and most leasing companies' - business. From being construction orientated in 1982 (with 35 per cent of total con-tracts made out to construction concerns) Locapor is now predominantly supplying computers (60 per cent of contracts).

Sr Eduardo Guimaraes Marques, Locapor's marketing director, says adamantly that Locapor, the largest leasing the problem clients have not company, accepted two out of caused much of a dent in a profitable business, but it did

• PORTUGAL'S LEASING COMPANIES: Capital Assets (Esc bn, end of 1984):

Euroleasing Leasinvest Slibail Lusoleasing Imoleasing

lead to Locapor employing a year ago a lawyer to chase clients behind with their pay-ments and several debt collectors.

It is an expensive and time-consuming business pursuing and Credito Franco Portugais these clients through the courts. In Slibail, the main foreign Generally a leasing company prefers to try to repossess its equipment — sometimes in a pre-dawn raid on the venture concerned, if the equipment is not too heavy.

Sr Marques, echoing the views of other leasing companies, says that Locapor could take on "quite a lot more new business," as demand remains high. However, the decision has been taken to limit growth this year, and probably next, to no more than the 30 per cent rate of inflation. This would mean Locapor taking on new business worth about Esc 2.7bn this year, after Esc 2.1bn in 1984,

Esc 1.8bn in 1983 and Esc 637m in 1982.

"We are not very optimistic," says M Francois Leclerc, the

Euroleasing director.

All the leasing companies are involved in equipment apart from Imoleasing which specialises in property leasing. Local financial institutions, including the main Portuguese state-run commercial banks, are involved in the leasing commercial commercial states. in the leasing companies as well as some foreign banks in-

bank operating in Portugal. The cautious approach, which could amount to over-reaction, is bad news for those Portuguese companies struggling to develop new business and reduce their administrative costs. Leasing, as elsewhere, offers them tax and depreciation advantages; cash-flow relief and flexibility in switching to

less obsolete technology.
Other sources of mediumterm investment are hard to obtain and interest rates on loans from the Portuguese banks of 34 per cent are several points higher than those offered

# Confidence is the key factor

### Plan to boost capital markets WILLIAM CHISLETT

ANY FOREIGN investor entervzulted marble hall of Lisbon's stock exchange could

be forgiven for thinking that be had entered the wrong building and was in a chapel of rest. The only outward sign that it is a stock exchange is a screen which shows the prices of a handful of shares and bonds. About 25 people on a typical day—four traders, a trading floor clerk, brokers from the nationalised banks and a few members of tha public—stand in

a rather mournful way as if attending a funeral service, more out of duty than respect. "It is rather sad," comments one broker with 15 years' experience of the exchange.

two years before Portugal's 1974 revolution, the exchange was so full of people that they were crowded out into the street, where frantic trading of shares was carried out in vans loaded with share certificates. Sbares were sold over tha steering wheel for many times their nominal value.

At the beight of this specu-

X." Investors would gather at a nearby cafeteria to strike up

"It was like a lottery," recals the broker, who remem-bers bow, in one day alone, he bandled Esc 70m of sbares—almost 1.5 times more than the total amount on the Lisbon stock exchange for 1984.

there were several bundred thousand investors, a staggering number in a population of 8m. Middle class investors took out loans to buy shares and enlisted gardeners, chauffeurs and maids to act as "fronts" to acquire more shares.

The coup on April 25 1974, brought this wild speculation to an abrupt halt and pushed investors into a state of shock, from which they bave still not

### Aftermath

The banks were nationalised and the companies they owned, which had been so exuberantly traded. The stock exchange was This sombre atmosphere was closed for three years. When it not always the case. In the re-opened the number of listed companies bad shrunk from almost 150 to 23 and the market was more regulated with a stipulation that prices could not fall or rise more than 10 per cent in one day to avoid speculation.
Compensation for nationalised

stock took five years to come and then it was based on the

 SHARES and Bonds traded on the Lisbon and Oporto

Stock	Shares	Bonds
1931	Es129.4m	Es792.6m
1982	Es64.9m	Esl.0hu
1983	Es135.1m	Esl.7bn
1984	Es481.1m	Es2.8bn
South	re- Banco Tot	to & Acoros

Today the stock market is almost exclusively the place to buy and sell treasury and cor-porate bonds which offer a higher yield than bank deposits. Interest is paid free of the 20 cent tax levied on tha returns from deposits. Issues are becoming increasingly over sub-scribed, to the delight of the Finance Ministry. The recent issue of Esc 3bn for Petrogal, the state oil concern, was over-

subscribed by some Esc 9bn.
The Portuguese prefer to buy and sell sbares and bonds out-side the stock exchanges in Lisbon and Oporto, which re-opened in 1981. Shares traded outside these two exchanges

were ten times greater last year than those traded on the stock markets. In bonds, Esc 12.5bn were traded outside the mer-kets, compared to Esc 2.8bn on Private companies are also

Private companies are also beginning to issue bonds. Last year two leasing companies, Locapor and Slibail, put a toe into this bond market. But there refused to offer more share certificates, brokers offered clients slips of paper which read "worth 100 shares of company" or the revolution. Some company around 30 per cent, this bond market, But there has only been one public share subscription for a private company since 1974, for Marconi, and it was not a great success. The low number of dividends accounts it has a subscription for a private company and it was not a great success. The low number of dividends accounts it has a subscription for a private company and it was not a great success.

(only seven of the 23 listed companies issued dividends on 1984) and the generally low level of profitability has not couraged new share issues. Portugal's money market is ven more discreet than the

Snares	Ronde	encouraged new share issues.
Es129.4m	Es792.6m	Portugal's money market is
Es64.9m	Esl.0ha	even more discreet than the
Es135.1m	Esl.7bn	stock exchange. The Bank of Portugal chairs a meeting every
Es481.1m	Es2.8bn	day of the commercial and insti-
ce: Banco To	tta & Acores	tutional banks where interbank borrowing is settled and it also
	Es129.4m Es64.9m Es135.1m Es481.1m	Es129.4m Es792.6m Es64.9m Es1.0hn Es135.1m Es1.7bn

sets the rates for foreign exchange. The authorities have talked for at least three years about setting up a spot (and eventu-ally a fully-fledged! foreign exchange market. Finally the Bank of Portugal, albeit still rather nervous about losing its tight control and speculation, is taking steps to establish an exchange market

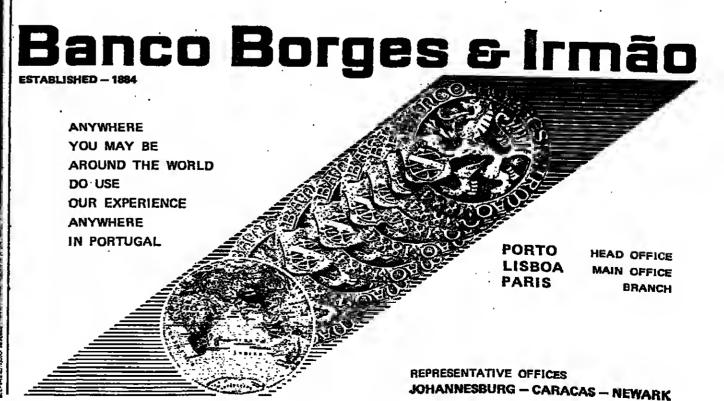
### Incentives

The Government bas also drawn up some tax incentives which it hopes will enlarge the capital markets and galvanise them into greater activity. But nobody believes that the measures will bave any significant invasor. cant impact.

"Reducing the tax on divi-dends will not have much impact because so few com-panies can afford to pay them," aays a senior Portuguese private banker, "You cannot legislate confidence."

Confidence is indeed the key

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## **EUROPEAN AGRICULTURE**

# Dairy machinery makers in the doldrums

By Andrew Gowers

AS THE dust settles on Europe's dairy industry follow-Europe's dairy industry following the chaoe and confusion of last year, it is becoming clear that the real victims of milk quotas are not the farmers the manufacture but the beleasured for the worst within bounds. themselves, but the beleagured band of manufecturers and dealers who supply them with

The restrictions on milk output introduced almost a year ago, although greeted with cries of outrage from farmers across tha EEC, have taken a far greater toll on dairy machinery makers, especially in the UK.

While milk production fell by some 8 per cent in the UK last year, sales of capital goods to British dairy farmers dropped by 45 per cent, from around f22m to £12m—and there is no sign that they are about to recover. Similar patterns have been recorded, to a lesser degree, elsewhere in the Com-

munity.
Sales of tractors to dairy farmers have been hit, too—although the tractor industry has been shielded from the full effects of quotas by buoyant purchases by arable farmers after last year's record EEC

grain barvest.

As for dairy equipment, it is hard to think of an industry which has had to cope with such drastic fall-off in sales in such a short time.

ness just turned off like a tap,"
says Mr Harry Faulkner, managing director of Alfa-Laval,
the Swedish engineering and
agribusiness group which agribusiness group which dominates the industry and depends on milk for up to 45 per cent of its sales.

"From the end of April, we hed no inquiries for new installations of anything," agrees a leading equipment dealers' representative. "We were on the verge of absolute sbutdown"

down. The effects of the change are reflected in Alfa-Laval's 1984 results, published in February. Pre-tax profits dropped by 50 per cent to SKr 403m, and the agricultural division reported a 21 per cent fall in sales.

Other companies in the industry, without such a strong cepital base or wide diversity of customers, are even worse off. And there ere doubts over the survival of a British company which is totally dependent on milking machinery sales.

This is a transformation for an industry which until quite recently prided itself on a cracking growth rate and healthy returns on operating

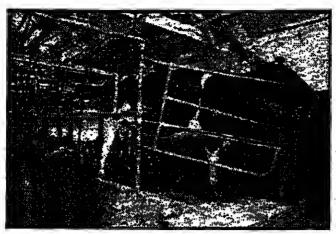
Several of the companies for the worst within bounds.

In a sense, the milking machinery manufecturers are the the victims of thair own success. The rapid growth of their European sales in the 1970s was a symbol of the dairy industry's increasing efficiency -which, in turn, contributed to today's surplus problem.

The 1970s saw the demise of the traditional cowshed as farmers, spurred on by high EEC support prices for milk, went over to capital-intensive modern dairy parlours or to house housing systems for their animals. The Community, with about 29m of the world's 220m cows, became the world'e major

cows, became the world'e major market for machinery.
With their new flexible systems, farmers found it easy to expand their herds. The squeeze on milk prices introduced by the EEC in the late 1970s in a bid to restrain the dairy surplus became the coc for just the autopate as farmers. for just the opposite as farmers boosted output to maintain their

But with the growing strain on the EEC budget, the more far-sighted companies had already spotted trouble. In 1979,
Alfa-Laval — whose sales had
grown 12 per cent a year in resi
terms in the early 1970s—called
in the Boston Consulting Group to conduct a thorough review of



Milk quotas have hit sales of dairy equipment

its strategy. Its findings were stark: the machinery market was all but saturated, and the company should take immediate steps to reduce costs and refocus its produce development—particularly on devices which would enable farmers to improve the efficiency of their operations, rather than expand their size. Hundreds of miles away in Reading, England, Gascoyne Melotte—the substdiary of what was then Thomas Tilling, fashioned out of the merger of a British and e Belgian company —reached roughly the same

"We were operating in e shrinking market. Farmers were getting bigger, fewer and more specialised," says Mr Michael

manager. As a result, the com-pany has halved its international staff by chopping about 600 jobs over the last five years. over the last five years.

But few of the manufacturers wera prepared for what bappened last year. When EEC. farm ministers reached their 11th-hour agreement to impose quotas on prodoction, farmers in the UK panicked. Angry and confused, they stopped buying everything — including, for a time, animal feed "Even our engineers were

Widen, Gascoyne's marketing

sent away when they turned np to perform a routine service on

A sizeable chunk of the mar- shifting its focus from capital ket is gona for good, and the rest is destabilised by cut-price competition from "pirate" component sellers. Overnight, the industry has changed from being based on new capital investment and expansion to of Alfa-Laval's agricultural being based on replacement division, also points out that

trend was, and remains, the is now fully implementing its

consultants' recommendation

goods to components and farm supplies (the so-called "after-market"), and putting new emphasis on products aimed at

improving farmers' efficiency.

Mr Lennart Berglind, chairman

the company is making strennous efforts to reduce its dependence on the milk

Herr Wolfgang Habig, of

Westfalia, says companies which depend entirely on the dairy industry are the most vulnerable. "We have a number of industries where we can

match what we lose in dairy," be says. "There are planty of possibilities to diversify in the food industry as a whole."

The most ominous question-mark hangs over the future of

privately-owned Fullwood and Bland, the biggest milking parlour manufacturer in Britzin,

which is this year celebrating

its 200th anniversary. Last year the company shed 145 workers, and its marketing

operation in France went into

But it is still believed to be

business.

receivership.

European companies are carrying substantial excess manufacturing capacity - witnes Alfa-Laval's cooling-tank factory et Nevers in France and Fullwood and Bland's plant at Ellegmere Cheshire

To make matters worse, they have now got down to a furious. if predictable, price war. "Anyone who wants to put in a new dairy parlour can virtually name his price," says ona manager. "It's getting very vicious

Nevertheless, some companies are beginning to venture cautious expressions of opti-

"Those farmers who have come through the shock are now concinding that they can make money under quotas." make money under quotas." says Mr Widen of Gascoyne. "So says air widen or cascoyne. So they will make investment deci-sions later this year. Eleven months ago, we'd forgotten all about 1985, but we can now look

carrying excess capacity, and it is currently seeking more support from its banks and its minority ebereholder ICFC (part to the future."
The survivors undoubtedly of the 3i group).

"We're totally dependent on tha dairy sector. It was our strength in better times; it's now equipment," said Mr John stafford, director of Alfa-Laval's Whele, the family-owned companies In other countries reacted more sedately, but the survivors uncontrictedly included Westfalia and Miele, the family-owned companies which dominate the German market, and, of course, Alfa-Laval. Tha market leeder

our weakness," says Mr Richard Lancaster, director of Fullwood.
"And being entirely self-sup-porting, we had to take the brunt of recession without any Big Brother to belp us."
Last year, the company was
involved in discussions with five of its competitors—that is, virtually all the big names in the business—about e possible

> So far at least, the result has been a stand-off. "We're not actively looking to pick up any of our competitors," said a manager of one large European company. "We'd prefer to see them die and pick np their market ehare."

> Mr Lancaster stresses that Fullwood bas come through the worst, and is now in better shape. But few believe that every company can remain in an industry which has suffered such a catastrophic drop in

eales.
"Everybody has shrunk, but that's not enough," said one manager. "Somebody's got to go out. We haven't seen the end of

# DIAMOND CAPITAL LTD.

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Notice to the Shareholders. The Board of Directors hereby announces that the announcement in the Financial Times dated 13 March 1985 calling for an annual meeting of the Compeny, purportedly to be beld in New York et 1350 Ave of the Americas, has been published at the request of persons without any capacity whatsoever to represent the Company to call such e meeting.

Such announcement is therefore to be disregarded and to be considered as vold and without effect

The Board of Directors bereby announces that the annual meeting of sharebolders of DIAMOND CAPITAL LTD. will be beld at the offices of FINACCOUNTING SERVICES S.A., 40 Rue dn Rhône, Geneva, Switzerland, on Wednesday, April 24th.

-Discussion of the accounts.

-Election of Directors.

-Miscellaneous.

Any sharaholder entitled to attend and vote at the meeting Any sharaholder entitled to attend and vote at the meeting may appoint proxy to attend and vote instead of blm. Holders of shares to bearer who desire to attend or vote at the meeting shall deposit their certificates for shares or a bank's statement certifying that the shares, whose serial number will be mentioned thereto, are blocked on behalf of the shareholder, not later than April 19th, 1985, with FINACCOUNTING SERVICES S.A. at the abovementioned address.

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Over-the-Counter Market

### ANIMAL FEED INDUSTRY IS ALSO SUFFERING

THE OTHER great casualty of milk quotes — besides the equipment manufacturing sector — is Europe's large, and hitherto booming, animal

and nitherto booming, animal feed industry.

Here, too, farmers' juitial reaction to the EEC decision—especially in the UK—bordered on panic. To ent costs, British dairy farmers slashed their feed purchases by account of the costs and their feed purchases by account of the costs and their feed purchases by account of the costs and their feed purchases by account of the costs and their feed purchases by account of the costs and their feed purchases are their feed purchases and their feed purchases are their feed purchases and their feed purchases are the feed purcha by around 50 per cent, and put as many cows as they

could out to grass. Feed sales have since recovered to an extent. But quotas have taken a 20 per cent bite out of UK cattle feed sales for good, and shaved 10 per cent off demand for animal feed overall-2 market worth around £1.5bn a year even at today's reduced volumes.

The pattern is similar elsewhere in the EEC. In West

Germany, for example, quotas has already claimed their first major casualty with the collapse of Plange-Kraftfutter, one of the country's top three compounders with annual turnover of around DM 700m. Bremen-based Plange, owned by a grain trading and a milling company along with the Plange family, filed with the courts for protection from its

creditors last month.

Nothing as drastic as that has yet happened in Britain. But fer all the UK feed companies, from giants euch as Unilever's BOCM-Silcock subsidiary and Dalgety to the large number of smaller regional computers, the drop in sales volume has poten-tially serious ramifications. It hurts especially hard as cattle feed is traditionally the prost profitable sector of the

market, with margins far ex-

ceeding those in pig and poultry feed. What is more, even before quotas came, the UK industry was estimated to be carrying excess capacity of around 10 per cent, or around 1m tonnes.

The disappearance of snother 1m tannes of demand in this high-volume, high-fixed cost, low-margin business -feed margins average be-tween 3 and 5 per cent-can only increase the pressure for rationalisation. Stockbrokers Henderson Crosthwaite esti-mated last year that it could result in a £20m drop in the industry's total profits. This represents a dramatic

turnaround for a business whose earnings increased by leaps and bounds in the early 1980s. Agricultural division profits at the big four compounders — BOCM, Dalgety, Pauls and Bibby—rose by a

the state of the s

quarter between 1989 and 1983 to just under £46/ra. In fact, the industry has already undergone considerable rationalisation in recent years. BOCM undertook a major restructuring pro-gramme during the 1970s, transferring capacity from its older port mills to more con-

venient rural locations. Dalgety closed a number of mills following its takeover of Spillers in 1980 and RHM agriculture in 1983, while Pauls and Ribby have both been gradually replacing in-efficient capacity with new plants.

However, there is intense speculation over the future of some of BOCM's older mills, especially as the Uni-lever subsidiary appears to have been losing market share to smaller regional companies since last summer.

# OPTIONS ON EURODOLLAR FUTURES



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The Chicago Mercantile Exchange, the world's most successful futures and options market, announces yet another way to manage business risk more effectively-Options on Eurodollar Futures.

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assessed. Leading banks, institutions and government dealers can now also use Eurodollar options as an integral part of their interest rate dealing operations. Options enable them to provide attractive and innovative services to their customers, resulting in increased fee income opportunities.

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For a free copy of "Options on Eurodollar Futures: An introduction," write to or telephone Keith Woodbridge at the Chicago Mercantile Exchange, 27 Throgmorton Street, London EC2N 2AN. Telephone (01) 920 0722.



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For entertaining, the Diplomat restaurant (and bar) serves the new French cuisine that is a favourite with Londoners.

All this is situated in an area of pleasant greenery in the heart of the West End adjacent to the US Embassy. A few minutes away are the shops of Oxford Street, and Bond Street,

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In brief...

THE Enropean Commission is backing an effort almed at extending links between innovation centres and science parks in Western Europe.

The commission has contri-

buted £250,000 to set up a secretariat in Brussels that

will encourage a transfer of ideas between such ventures

and help companies backed by innovation centres, for instance in collaborative marketing efforts.

marketing efforts.

The acting chairman of the group, catled the European Business and Innovation Centre Network. is Christopher Norman-Butler, a director of Business In the Community, a UK umbrella group for big companies involved in job-creation activities, for example, by supporting enterprise agencies.

The Brussels secretariat is

due to set up an electronie information network to keep

individual husiness centres in touch. It will also hetp in the

creation of new innovation centres and give advice on the

training of entrepreneurs.
Innovation centres and science parks are generally hacked either by local anthori-

ties, universities, large busi-ness organisations ar a

combination of all three. They

can provide accommodation and management and tech-nical expertise to fledgling

enterprises, sometimes helping also with venture capital.

Founder members of the Enropean network Include Heriot-Watt University Research Park in Edinburgh; N.V. Rede, a local-anthority-

backed innovation centre in

Eindhoven; Business in the

Community; IRI, an Italian company for managing state-

owned enterprises; and several private companies, in-

agencies.

High tech start-up

# Phoenix: surviving a trauma

BY WILLIAM DAWKINS

SITTING among o beap of the expense of marketing it—tangled wires and computer a fault committed by many screens in his tiny office in entrepreneurs much more Maidstone's Parkwood Industrial experienced than be. Estate, Ian Gooderson confesses that the past two years hava been a "baptism of fire."

The 32-year-old design engineer had little idea of the scale of the difficulties he would encounter when he left a comfortable job at STC to form his own automatic test equipment producer, Phoenix Electronic Instruments. His move was motivated by his disillusionment with big company politics and the number of apparently useful research ideas which were left moulder in the back of a

fling cabinet. Phoenix now appears to be turning the corner after raising — almost by accident — £30,000 through o private share subscription under the Business Expansion Scheme. But its birth could not have been more

Gooderson made several of the classic mistakes experienced by many small high technology

interest payments. Gooderson made the error of devoting oll his attention to developing the

THE management problems experienced by a host of companies like Phoenix Electronic Instruments were thrown into sharp relief by last week's publication of a pilot study by London Business School's High Tech Macagement Unit.

The unit, founded last May under the aponsorship of chartered accountants and managemeni consultants Coopers and is risky because of the uncer-Lybrand, has drawn some revealing conclusions from its study of 22 small high technology firms. Il is a useful guide on how to avoid some of the most com-mon pitfalls in setting up a small business, and highlights how often the second phase of growth can be just as tough as getting started in the first ploce.

The study examines the farm's reasons for success and failure, and is designed to pin
The study examines the farm's reasons for success and failure, and is designed to pin
Very few small firms which point areas for further research inlo the management of small

"With hindsight, we should

have spent our first six months trying to sell our product as well as finishing it," he reflects. Meanwhile, Gooderson — a skilled engineer but not a trained businessman — spread himself too thinly when he needed specialist financial and sales staff to free him to get on with the tasks to which he was To be fair to Gooderson, his

clearing bank seems to have been ill-equipped to handle a risky and erratic start-up with hardly any assets, even if Phoenix's debts were backed by the Loan Guarantee Scheme. The bank almost pul Phoenix out of business when it threalened without warning to call in its £15,000 overdraft. only to be dissuaded at the last minute by a tocal management consultant.

Phoenix suffered because it relied entirely on bank toans instead of equity finance when it had no cash flow to a sum to be approached were little help. They offered larger sums than Gooderson felt abte to handle in return for a sum that no cash flow to a sum that the sum to be approached were little help. They offered larger sums than Gooderson felt abte to handle in return for a sum that they wenture capital companies he approached were little help. They offered larger sums than Gooderson felt abte to handle in return for a sum that they wenture capital companies he approached were little help. They offered larger sums than Gooderson felt abte to handle in return for a sum that they wenture capital companies he approached were little help. They offered larger sums than Gooderson felt abte to handle in return for a sum than The two venture capital comto handle in return for a 90 by which time it per cent share of Phoenix. "I £30,000 loss. "We did not want to become an says Gooderson. employee again," he says. Gooderson began planning technical side of his product at his company two years before to advertise. All our money

leaving STC, where he was a was tied up in trying to condesigner of test equipment for the Ministry of Defence. He felt there was a market for After an understandably cool

cheap microcircuit analysers which could be plugged into a personal computer at a cost of around £3,300 as against the £7,000 or £8,000 charged by the makers of more sophisticated equivalants lika Hewlett Packard or Philips.

His bank manager agreed, but suggested that Gooderson should go on a London Enterprise Agency management course before presenting a business plan. An overdraft was duly arranged, and Gooderson was in business by early 1983, trading as Hawk Electronic Test Equipment (he changed the nama recently because it clashed with that of another local company).

"it takes longer than you think to get onto the electronics market because the distributors are not going to believe in you until you have been around for at least a year." Indeed, it was at least a year." Indeed, it was since his appointment, and just over a year before the Gooderson has already produced company made its first delivery, two new maebines for enhancing which time it had mada a ing the performance of oscillo630,000 loss. "We were stuck," scopes. The distributors have says Gooderson. "We could started to take Phoenix serinot afford to buy any more stock, and we could not afford

After an understandably cool reception from his bank manreception from his bank manager, Gooderson looked unsuccessfully for an acceptable source of equity. He bad almost given up hope when a marketing company, which he had opproached with an export proposal, asked him by chance if he needed equity finance. The marketing company, which wishes to be anonymous, offered to find £30,000 in exchange for 36 per cent of the company. It 36 per cent of the company. It also put in a part-time finance director and a non-executive chairman, who joined Phoenix

From that day on, Phoenix's fortunes changed for the better. Gooderson could afford to hire a sales manager, John Martin, Gooderson soon found that for Wavetek, a U.S. test equipit takes longer than you think ment maker, and spend more time doing what he was trained to do: design new products.

in January.

Martin has pulled in £60,000 of orders in the eight weeks ously, and Gooderson is thinking of adding to his three staff. Even the bank believe bank believes



lan Gooderson: "We should have spent our first six months selling the product as well as finishing it "

Phoenix might now have a good again," he says. "It was future. Losses in the year to unrealistic to expect to own the future. Losses in the year to April took as if they will fall to £5,000 on sales of £60,000 and a respectable profit is projected for next year. What lessons has Gooderson drawn from his uncomfortable experiences? "I wouldn't start out on my own.

whole company. And I would have set up a customer base, perhaps distributing other people's products, before I started. You need to have something that will hring in

money from day one." "This leads to delay .

> cluding IBM, Control Data, Barelays Bank and Notional Westminster Bank. The secretarial is at PO Box 25, B-1040 Brussels 26.

STIRLING UNIVERSITY WILL be starting its first Master of Science course in entrepre-neurial studies in September. It is designed to provide concentrated atudy at postgraduate level for people employed or seeking work in private and public sector agencies, or for those interested in starting their own businesses. The course is also suitable for non-UK students whose own govern-ments are trying to encourage

include entrepreneurship in various countries, venture floatec, marketing, starting a business, the small firm in the economy and small firm proectnomy and small firm pro-ject work. Details from file Wittis at the University of Stirling Business Studies Department. Tetephone 0788 73171, ext. 2363.

THE Smalt Business Burgau, the Conservative Party tobby group, has launched an infor-mation service for entrepreneurs

It consists of a series of news sheets, which give prac-tical non-political advice on matters like tax, PAYE, selfadministered pension funds, choosing a computer and how to start a basiness. They cost £1 a set of 10, and further subjects will be added in due course. Stamped addressed envelopes should be sent to Christopher Kirkham-Sandy, SBB, 22 Smlth Square, London, SW1P 3HH.

**BUSINESS Expansion Scheme** fund managers are rusbing to complete their final investments before the conclusion of the tax year at the end of

of the tax year at the end of this week.

Hodgson Martin Ventures, Lazard Developmeni Capital and Oakland Management Hotdings have nil launehed second funds this year after their first vehicles were fully invested by January. They hring the total number of approved BES funds in the current tax year to 34, a significant rise on the 22 lunds lanuched in the previous 12 months, according to the lalest issue of UK Venture the lalest issue of UK Venture

Capital Journal.

The amount of money they have raised shows a less impressive increase, np from £40.9m in 1983-84 to £43.7m in the current year. That implies that the average size of approved BES funds has shrunk over that period from £1.86m to £1.29m. The largest fund of the

current year comes from Charierhouse Development, with £5.6m, which compares with the £10m raised by Electra Risk Capital II, the biggest in 1983-84. In addition to this year's 34 opproved funds, there are eight BES schemes which raise capital on an open-ended basis.

THE British Venture Capital Association will today an-nounce the publication of a formal code of conduct for its members.

The code covers malters like professional ethics, disure of sources of funds and other information, confidentiality and accountability

# Survey puts a finger on the pitfalls

results will be published by the end of this year. One secret of success for start-ups, it says, is to develop new strategies is like ment of a large market at an early stage in thal market's dependent of the start-ups, and early stage in thal market's dependent of the start-ups. The same staff have to design new ment finance because they start off by pricing their products too ones and provide technical and off this year. One secret of an exceedingly narrow skill authors.

Companies frequently find themselves short of development and provide technology company. The same staff have to design new ment of such moves, say the successive functions.

tainty surrounding the time ... within which the new technology is accepted."

That proviso will not be lost, incidentally, on anybody who has witnessed the painful marketing delerance and the painful marketing delerance. keting delays experienced hy young Unlisted Securities Mar-

do manage to develop an innova-tive product are able to repeat their earlier success. "The high technology companies. The their earlier success.

portionate amount of effort to establishing credibility with customers, thus leaving little time to think ahead. Even well-managed businesses can take three years to overcome customers' anxiety obout their viability. An early sale to a large group can help.

Many small firms, says the study, hit financial crises because they underestimate the extent of future marketing and development.

development costs. some extent indicates the lack of realistic planning and assess-

low. It is all too easy to set prices on a cost-plus basis (rather than setting a margin the market will stand) in the

early stages, only to find that spare cash for development gets swallowed up as the company's cost base grows. One way to soften the impact of heavy marketing costs is to

establish a specialist image.
This "assisted firms to pull
customers towards them and
huild positive cash flows on
sales hefore incurring additional marketing costs in pusi-

after-sales support," it says. "Firms find themselves constantly juggling with priorities with the result that nothing gets done well "-a hazard with which Phoenix was familiar until it attracted the help of an outside investor.

Companies in that position find it especially hard to remain innovative during a time of rapid growth. This often entails changing the initial success formula, a process which makes entrepreneurs fearful of losing the close team which pioneered ing their products towards the customer," claims the report.

It pinpoints some of the connew layer of management.

confusion and overstretching of roles and underperformance,' says the survey. Il goes on: "Most firms mismanaged the transition." Training staff and getting hold of new technical skills to

cope with market changes are further key problems for grow-ing high lechnology companies. Tel: 322.235.3420. Such firms lack the resource to train staff properly and find it hard to attract high quality technical personnel hecause they are unable to offer job accurity or certain promotion prospects. They have to com-pete for a limited supply of electronic engineers with larger and more secure counterparts Successful firms overcame the narrowness of their technical skills by combining external—often university-linked—sources of technology with their own internal skills. Others managed to persuade customers to finance the growth of small firms. Snhjeets to be covered

# to investors.

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CONSTRUCTION OF THE CHEURFAS II DAM

ON THE OUED MEBTOUH WILAYA DE MASCARA

The General Administration for Hydraulic Infrastructures, Ministry for Hydraulics.

Environment and Forestry, is launching a National and loternational Open Call for

l'enders for the construction of the Cheurfas II dam on the Oued Mebtouh Wilaya

This Call for Tenders concerns the following operations: hee construction of a concrete

Tenderers interested (In this call for tender) may obtain the specifications from the

following address: Ministère de l'Hydraulique de l'Environnement et des Forets Direction

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Offers should be prepared in accordance with the calses of the specifications and the current regulations and must be sent i na double-sealed envelope to the following

address: Ministèro de l'Hydraulique de l'Environnement ot des Fôrets Direction Générale

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eravations: 160,000m3

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of the Statetory Anditor for the
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Yo receive and adoet the Balance
Sheet and the Statement of
Operations as at 31st December
1984. (3) To approve payment of Directors'

(4) To approve savened of Directors'
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Oirectors and the Statutory
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# Model ocean for testing marine structures on shore

BY DAVID FISHLOCK, SCIENCE EDITOR



from different directions simul-taneously at a large-scale model of, say, an offshore oil platform was inaugurated in West London yesterday. At the same time such a model—costing as much as £200,000 to make—can be exposed to the forces of winds and currents, to simulate the full fury of a

200 ANS

Force Nine gale at ses.

A new British company specialising in the behaviour of engineering structures exposed to the ferocity of the ocean was born yesterday.
British Marine Technology
(BMT) is a merger of the
British Ship Research Association of Wallsend, an independent research association servicing the shipbuilding industry, and the National Maritime Institute, formerly the ship division of the Govern-National Physical

The new company, with around 500 staff and a turnover exceeding £12m a year, is equipped with one of the world's most powerful tools for conditions. Its model ocean facility at Feltham is expected to test scale models of the next generation of offshore struc-tures—the so-called "compliant"

councils of the Department of irregular waves up to 0.4m high.
Industry's maritime technology And there can be almost any
committee, part of its Mechaconceivable permutation of
mical and Electrical Engineer these waves. ing Requirements Board, in Its efforts to strengthen the offshore industry's research capability. The aim is a company capable of competing in world markets, not only for ship design and manufacturing technology, but for the kind of design analysis which might make all the differ-ence between exploiting and abandoning a marginal offshore

Dr Jack Birks, former techni-cal director of British Petroleam, now chairman of Charterhouse Petroleum, is also chairman of BT. Its deputy chairman and chief executive is Mr Marshall Meek, the naval

Preparing a model ship to face the full fury of a Force Nine gale in miniature A TANK which can roll waves architect. BMT with headquarters at Feltham, will operate from four sites: Wallsend; Feltham, with its new ocean model facility and its 400-metre towing tank; Teddington, with ten wind tunnels; and Hythe a full-scale trials base

on the Solent.
The fecilities of the two research bodies tend to complement each other and they have cooperated amicably for many years, "BSRA brings a very firm position in the industry" acknowledges Dr Melvyn Davies, one of two technical directors of BMT. But the showpiece of the assembled facilities is the new model ocean basin, built at

2 cost of £1.75m. The basin is a big tank of clear water 46m long and 30m wide. In its floor is a pit large enough to take a house; big enough in fact, to model off-shore structures intended for ocean depths as great as 600m, the depths envisaged for the next generation of North Sea structures, for instance.

The placid green pool can be

whipped to fury by 90 electrohydraulic paddles across one-side. These paddles perform to a mini-computer program to generate a remarkable variety of waves. For example, they can be long-crested regular The matriage between these crested irregular waves up to 0.8m long, long-two bodies was made in the 0.4m high are short up to

> short-crested irregular waves probably offers the best simulation of ocean wave conditions that anyone has. The wavemaker cost about £1m, designed for the purpose by the British Hovercraft Corporation.

> At the far end of the basin from the wavemaker is a beach," adjustable in slope

the force and direction stresses. Currents are intro-

duced by water jets. Dr Davies puts the cost of using the ocean model facility as part of a research contract at about £2,000 a day. He believes it gives the new company a facility competitive with those in Norway and Denmark. which currently attract much civil research in ocean

engineering.
Mr Stephen Rowe, BMT's head of ocean engineering, need of ocean engineering, expects the facility to attract two kinds of contract. One will be verification of established engineering and operating procedures under a more realistic simulation of ocean conditions, such as the diversity of size, shape and direction of waves. Nowadays operators tend to want this done even when they are repeating a well-tried pro cedure, so high is the price of getting it wrong.

But the primary purpose is the study of novel offshore

engineering concepts such as the "floating" structures which try to ride with the waves and the wind. "They are inherently more complicated for the says. In the long run, however, they will offer more economical solutions to retrieving offshore resources

It turns out that when multidirectional waves hammer a rigid, conventional structure, tha stresses are more evenly spread, and the fatigue life is better than designers have The hydrodynamicists say not so for the "compliant" structures such as tension leg short-crested irregular and platforms or articulating towards. waves will enhance the stresses. Scientific study of "wave

climate " over the last decade has corrected many misapprehensions about the ocean. One reason why enthusiasm for wavepower died was that early measurements of energy in British waves proved too optiand depth, to absorb the waves.
Wind forces are simulated
both by fans that blow across
the basin, and by small computer-controlled fans mounted
on the model itself, to eimulete

British waves proved too optimistic by a factor of about two.

Historically, most wave observation date was gathered on
the bridges of ships — whose
masters were expert in avoiding the worst conditions.

# The coming video revolution

WHEN THIS column was pre-dicting in the mid 1970s that (VCR) would start a consumer revolution, many media people found it difficult to believe. The VCR cost then nearly \$500 and seemed more like an expensive toy. Now that the camera casaette recorder (CCR) is with us 11 years later at about £1,100, it would be easy again to regard this as a product of minority

As with the VCR then, the general publicare not yet aware of the benefits that the CCR will bring combining camera and recorder in a single compact unit. The similarities to the early history of the VCR are remarkable: doubts about consumer acceptability, the high price, and above all the con-fusion of formats.

The three contestants then, The three contestants then, leading different armies of supporters, were Philips, JVC and Sony. After developing three generations of its own VCR, Philips have abandoned that battle and joined the VHS camp of JVC—and Sony, with its Beta consumer format, is no lenger a gredible contestant. credible contestant.

The new CCR battle centres on just two formats (aithough Sony would have us believe that there is a third). One format is VHS-compatible, pioneered by JVC but also taken up by a proving number of other com-panies—very recently Hitachi and Elmo, plus Pansonic, Mitsu-bishi, NEC, Olympus, Nikon and in the West, Ferguson, Philips and ITT. Depending on the manufacturer, this is available in either of two versions—one accepts a standard VHS cassette and thus can handle recording and thus can handle recording lengths up to three or four hours; the other takes a much smaller VHS-C cassette, cigarette packet size, limited to 30 minutes recording, but still replayable through a standard VHS videocassette machine by

use of a cassette adaptor. The other CCR system-in Video & Film

BY JOHN CHITTOCK

competition with VHS-is the so-called Sum format, already available in the U.S. under Kodak's label and in Japan with Sony's own version. Eight millimetre also has behind it a large number of other manufacturers at various stages of com-

Sony plan to launch their smm CCR in Britain next month, confusing even further the future of the third possible contender. Sony's own Beta Movie—which uses Beta format cassettes replayable in standard. Beta VCRs.

Sinca Beta no longer seem visible, the issue thus revolves riself into a fairly straight contest between VES and the entirely new format of 8mm. At the heart of this contest are on the one hand real or imagined consumer benefits, and on the other a maze of market-

The benefits claimed for 8mm are small size and weight, and extended recording time. The cassettes are indeed extra-ordinarily small and light similar to compact audio cas-settes. They offer recording times of up to 90 minutes per cassette—or double that in a lower quality, half speed mode; but CCRs using standard VHS eassettes have three or more beurs capecity.

The claim that the equipment itself is smaller and lighter than VHS is erroneous; the Kodak 8mm CCR is in fact slightly larger and beavier than either version of the VHS (viz, 30m VHS-C or standard VHS). and Sony's 8mm system is about it bas comparable to the smaller ducts VHS-C. In practice any of claim.

these choices means a unit a little larger than a conventional Sm film camera and weighing a tuner unit to convert it into a somewhere between 2.00 and VCR,

much smaller cassettes make smm significantly different. There is, however, a trade off to achieve this advantage—in pionize and (arguably) sound quality. Although the picture quality with Smm is remarkable. VHS employs a "writing" speed (tape-to-head speed) that is 50 per cent faster—which in practice means that any technical tricks that Smm employs m compensate for quality losses are almost always available for VHS to use to keep in the lead. The slower writing speed of Smm also means that it will be stretched to the limit to achieve the wider bandwidth needed for European PAL compared to Japanese or American NTSC.

So it really boils down to that

So it really boils down to that one advantage—the small size of the 8mm cassette. Undoubtedly this will have a fascination for consumers, but it does seem a very marginal benefit, the difference between a pocket diary and a packet of king size cigarettes.

The shrewder observers of this battle know very well that the real point about 8mm video is that it provides a straw for se manufacturers to clutch at. Sony and Kodak in particular are endangered in the burgeon-ing consumer video market— Sony because of the runaway success of VHS, Kodak because it bas no consumer video products with which to stake a

format-was in a similar position, and significantly had announced plans to also launch into 8mm video; now, however, swallowed the bitter pill and adopted VHS and 8mm seems forgotten. But for Sony and Kodak, it would be rather convenient if the public had a flirtation with 8mm - which can be provided (at extra cost) with

Such small differences are of standard, albeit "camera led." no real consequence. Only the might give Sony a second much smaller cassettes make chance to dominate this market, and Kodak even a first chance. But in the absence of really overwhelming technical and consumer benefits with and consumer benefits with 8mm, such marketing strategies look at best a gamble and at worst desperate. They also ignore the probability that most potential camera purchasers are likely to be VCR owners already—of whom over 70 per cent are committed to VHS. A new problem for 8 mm

came last week when Kodak revealed that its planned Euro-pean launch of 8mm video (once scheduled for autumn 1984) bas been postponed to 1986 "at the earliest." This, they say, is due to economic conditions in Europe and exchange rates. Yet the biggest problem facing JVC and Ferguson in Britain is angry dealers, who cannot get enough CCRs in the VHS format to satisfy demand.

The Kodak decision could leave Sony isolated with 8mm in Europe, the world's biggest video market. If it does, it paradoxically puts them into the position that finally defeated Philips with its V2000 system virtually alone, pushing a new format against an established one, and in brave defiance of negative views expressed by most of the industry. Who would have ever believed, two years ago, that Sony would change places with Philips in

generators 20-6000kVA The Market Leader.

### Display Colour graphics generator

THE TREND is to computer graphics in colour for many applications in business and appucations in business and industry but many potential users are put off by the high cost of high definition colour graphics terminals—anything from £2,000 upwards.

Data Applications of Cireneester, which makes industrial microcomputer

dustrial microcomputer systems called lbis, has developed a low cost (£850) colour graphics generator for simple applications which will simple applications which will accept high level commands from almost any microcomputer and display the results as colour graphics on industry standard colour monitors.

The generator can be supplied as either an OEM card assembly, a desk top unit or a rack monitor wersion. rack mounted version, Designated the CGG-1, the

generator can be equipped with serial interfaces, RS422 or RS232 or an 8-bit parallel interface. interface.

The CGG-1 is based on a 280A microprocessor together with a 64,000 byte video memory. Each picture element can be displayed in any one of 16 colours, chosen from a palette of 256.

According to David Dann, managing director of Data Applications, the CGG-1 pro-vides both systems builder and end user with a low cost, intelligent sub system incorporating the latest in large scale integration circuit tech-

Record profits in a difficult year.

Sir Timothy Bevan, in the Report and Accounts.

1984 was a difficult year for the banking industry and our pre-tax profit of £655m-18 per cent up on 1983-while it was a record, was not as much as we had hoped to achieve.

The good trading results continue to be affected by the provision for bad and doubtful debts. Specific and general provisions at home continue to be high. Sovereign risk figures compare favourably with our main international banking competitors.

Our capital position has improved and the prospective rights issue should provide a further £507m.

Help for Industry

1984 saw a rise in the number of business failures despite the fact that it was the fourth year of the economic upturn that began in the Spring of 1981.

The increase in the failure rate is now slowing down; but the loss of jobs caused by the high level of failures, although partially offset by the growing number of new businesses, is a sign that the problems of industry have still to be overcome. Profitability has risen from the low level of recent years, but further progress has to be made if industry is to generate the new products and the sustained surge in investment that are needed to transform the upturn into a full recovery. The rise in employment in the service trades among the self employed is encouraging, but unemployment overall has still to fall. The effect of the shake out since 1980, particularly in manufacturing industry, is still being felt, especially in smaller businesses.

We have given exceptional help to keep firms going through the recession, often beyond the traditional limits of prudent banking; inevitably, some of these risks prove bad, but it is right that we should do all we reasonably can to help them

Extracts from the address by the Chairman, through difficult times and back to health and vigour. This must be good for employment and the economy.

Competition and Service

Competition in the High Street grows fiercer by the year, especially in the struggle for a share of private deposits.

Our chief weapon in the competition battle must be the quality of our service. To this end we have continued to modify our branch network, with more of our offices concentrating their efforts, some on the corporate market and some on the personal customer.

This is a process which will take some years to complete, but in the meantime we are mounting an ambitious programme to improve our service generally, building on the success of our Personal Bankers Scheme and on Saturday morning opening-and Inotice our competitors are now following this example which we set some three years ago.

Turning to the reorganisation of your Bank, in 1984 the necessary legislation received Parliamentary approval and the new unified Bank came into operation on the 1st January 1985. It is early days yet, but our short experience is encouraging.

Timblem Lean

Sir Timothy Beam, Chairman, Bardays PLC. 1st March 1985

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# Reduction of nitrates in drinking water In Britain, where just under these two existing processes of lbn cubic metres would need ion exchange and biological treatment, the East Anglian denitrifications in their new water authorities have a demethod. As the groundwater

searchers at the Agricultural University of Wageningen in the Netherlands have developed a new nitrate extraction tech-mque which makes the production of drinkable groundwater cheaper and more efficient.

Dutch norms for the acceptable content of nitrate in drinking water were tightened last year from 100 to 50 milligrams year from 100 to 50 minigrams per litre to conform with stringent EEC regulations. The Association of Dutch Water Production Companies estimate that maximum tolerance levels of nitrate will soon be reached in roughly a quarter of Holland's supplies. This means that around 100m cubic metres of groundwater a year must be groundwater a year must be treated in Holland. These concentrations of nitrate result from the over-use of fertilisers and top-dressing. The problem is also causing concern in Bel-gium. West Germany, Britain and the U.S.

nitrification plant. But according to Dr Abraham Klapwijk, leader of the Wagerningen leader of the Wagerningen research team, it is expensive and has problems. The water runs the risk of being contaminated by bacteria, which form part of the biological denitrification process, as well as by nitrate—through the incomplete transformation of nitrate into nitrogen gas, be said. And as the process directly adds mehanol to the water, precautions must also be taken to ensure that it does not remain in the drinking water.

In the United States, mean-In the United States, mean-

while, an even more costly method employs an ion exchanger which results in tha production of slightly salty drinking water with a high chloride concentration

chloride concentration.

Dutch scientists combined

flows through the ion exchanger -a column of resinous material -nitrate is extracted and replaced by an equal number

When the column is fully loaded with nitrate it is "con-sumed" by acteria feeding on methanol. These bacteria metabolise the mitrate, transforming it into nitrogen gas. Neither the bacteria nor tha methanol comas into contact with the water.

The result is waste-free water but with a bicarbonate concentration of around 100mg per litre for every 50fg of nitrate removed. "It ends np rather like spa-water," says Dr Klapwijk. "Bicarbonate concentrations of that order are completely safe and even tasty." completely safe and even tasty."

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Section 1



MOST

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### THE ARTS

### Copperhead/Bush

Martin Hoyle



John Bowe, left, Georgina Hale and Michael Byrne in Copperheads

start at a frisky gothic canter, it settles down to a jog through cosy nefariousness (shades of Arsenic and Old Lace and You fallen at the fence of melo-

Erik Brogger, author of The Paranormal Review, successfully staged here in 1979, wrote the play especially for the Bush (it has already received univergraceful gesture towards this go-abead house, with Its brilliantly keen eye for new writing talent, ends in uncertain maundering through different

The town of Fertile, Pennsylvania, is a disaster area. For 19 a balf-bearted whodunnit for the bookies.

On Grand National night, I years, an underground fire has made the acquaintance of a gift borse that the Bush Theatre might bave orthodontically scrutinised more carefully before accepting. After a spirited start at a frisky gothic canter, it settles down to a jog through the start at a frisky gothic canter, it settles down to a jog through the start at a frisky gothic canter, it settles down to a jog through the start at a frisky gothic canter, it settles down to a jog through the start at a frisky gothic canter, it settles down to a jog through the start at a frisky gothic canter, it settles down to a jog through the start at a frisky gothic canter, it settles down to a jog through the start at a frisky gothic canter, it settles down to a jog through the start at a frisky gothic canter, it settles down to a jog through the start at a frisky gothic canter. knowledge that the fire will come to the surface one day.

To the run-down Grasslands Can't Take it With You) before Hotel comes a young ex-convict ambling home, rideriess, baving who sets up his forgery business who sets up his forgery business with a mad pastor and his foulmouthed ventriloquist's dummy (the humour here recatls a aimilar duo in TV'a Soap), an alco-holic private eye and Georgina

> Miss Hale brings ber characteristic tottering dottiness to a part too old for her: the mother of a young woman presumed murdered years before by an unknown maniac who also has threatened to kill the mother. The casual mention of a fresh murder in Act two introduces

as if grafted on from a different play. Simon Stokes, who directs on Dermot Hayes's set — the coal dust crunches beneath our feet as we enter the auditorium
—combining porch and pulpit, ought to do something about Micbael Byrne's American accent, which is so unconvincing that one wonders, as be resorts to wheedling blackmail through the medium of his dummy, if there is some symbolism in his stubbornly English tones. Adrian Dunbar as the convict, as dedicated to counter-feiting as Micbelangelo was to painting ceilings, even makes a sort of sense of a character that

### Songs of the Claypeople/ICA Theatre

**Michael Coveney** 



Heather Ackroyd in Songs of the Claypeople

provided by Andrew Poppy's muaic, which really did strike me as being of exceptional and sexual shame are obvious and corny, to say the least. The man has a doll in his room, the girl discovera blood on her night-dress and takes a shower, talented comm The performers are Heatber dangerous mi Ackroyd, Richard Hawley and formance art.

That aort of excitement is Niki Johnson. They ronvince me I should see Impact again: but it is characteristic of this show's derivative, not quite finished, quality that they took a halfhearted call in seml-darkness, A gulf remains between performers and andience that is never allowed by the most talented communicators in this dangerous mine-field of per-

### London Galleries/William Packer

# Patrons who buy in bulk

But, goodness knows, new galleries always are welrome.

Charles and Doris Saatchi, if nothing else, are famous collec-mrs—indeed, the most enthu-siastic compulsive and, by now, powerful collectors of modern art in this and perhaps any other country; and with nothing to answer to but their own interest and judgment, they have built up since 1970 an international collection that is quite astonishing ln lts critical scope and sheer magnitude. Quite how copious it is bas for long been unclear, but artists soon came to know that the Saatchi seal of approval was of no little value in their particular careers (to say nothing of the money that came with It), and no major exhibition of The Art of Our Time could belp but draw upon its buge reserves. The news, therefore, that a

critical catalogue of the Saatchi Collection, "The Art of Our Time." was in preparation, and a gallery being set up to cele-brate the works themselves and show them properly to the public, excited a natural interest. All is now revealed, the first volumes of the catalogue published (lavishly illustrated with a full colour plate to almost every work), the gallery open each Friday and Saturday between 12 noon and 6 pm, or otherwise by appointment (98a Boundary Road, NW8; 01-624 8299). And if still one cannot face it all without at least some reservation or misgiving, one must admit, nevertheless, to a continuing astonishment; and an admiration, moreover, that largely confounds prejudice,

Indeed, the astonishment and, to some extent, the admiration — are creatures of those very misgivings; for what the Saatchis have done, it seems from the start and which may supply an ati-too-understand able explanation of their artists' support for their activity, is to Identify what they see as the current blue-chip reputations, extending back just a little into the recent past, and to buy them up (as it were) not so much selectively as wbolesale.

Here there is nothing of the domestic scale, and little to suggest a deeply personal taste or involvement. What comes over rather, is the sense of an ambition of a kind appropriate to a national institution of the first rank; to acquire the basement of yet another definitive bolding in the work redundant factory into what of any given artist. There have must be one of the largest and een many collectors before who bave cultivated a par-ticular artist, even two or three, and so come to possess collecand so come to possess collections of major critical importations of major critical importations. New York, and is able ance; but this is no case of any mere bandful but of dozens: patronage on a acale that can have bad no equal since the times of the Medici princes and the Renaissance popes.

Sunday afternoon's pro-gramme by Circle and Sing-

circle at the Almelda included

the first performance of a com-

mission from Vic Hoyland. Seneca/Medea acts a aubstan-

tial counk of Seneca's play as a chorus for four voices and

six instruments; it is, says the composer, the first part of a

projected three-section work.
The text itself in Latin, is

taken from that section of the play in which Jason ia

esnared by Medea: a lengthy dissertation on physical and mental exploration, and on

Open studios are rommonplace, open competitions proliferate, and certainly there are
more galleriea now than ever
there were before, for all the
mysteries and uncertainties of
thelr operation and the rigours
of nearly 20 years of recession.

By this uninhibited approach
the Saatchis have acquired very
many fine things, and some
undouhted masterpieces. But the
catchell principle, if it works
one way, will also work the
other; and it remains to be seen
quite how many things that are
less than good carry the Saatchis less than good carry the Saatchi imprimatur. Certain of the artists have been tested now over two or three decades, both critically and in the market, and their reputations have indeed held good. One might not wish to buy their works personally, even if one could, for personal pleasure, but it's possible to see why someone else might. But with so much that bas emerged

he less than sure.
Though publication of the catalogues marches rather in advance, the gallery is to show advance, the gallery is to show only a few artists at a time, with only three or four exhibitions a year. And with this inaugural show, the gallery itself is the principal exhibit; an old paint warehouse converted into a suite of beautifully effective spaces, all of them ample, one vast. It is very wetl done, and with these first few artists all so well established —Twombly. Judd. Marden, Warbol —d Serra—there is little yet to prove.

Most of the work dates from

Most of the work dates from the Sixties, though the enormius Judd construction is of 1981; and throughout it is admirably set ont, as though to point each room's special virtues: a hiab ceiling here to cope with Warbol's buge Chairman Mao, a long fetch there for Marden's minimal triptych, a corner for Serra, and of course that vast space for Judd. Go and see it.

It would be a sad thing should one extraordinary private initiative he allowed to overinitiative he allowed to over-ahadow another; one that, though not perhaps so extreme, is in its own way quite remarkable. The City of London has a good number of artists tucked away in its old ware-houses and factories but has never been long on galleries devoted to the best of contemporary art, and it would take a brave man to try his hard. Anthony Reynolds, once with the Arts Council, has been dealing privately without a gallery for nearly three years, and has enjoyed considerable critical success for the Collazione Inglese, a selection of work hy his artists, that he has taken to Venice for the last two Biennales.

His nerve seems to have beld. and last week he opened his own gallery at 37 Cowper Street, EC2, which is barely 50 yards from Old Street Station. He has converted the most handsome private gallery spaces in London. It is as close as any in feeling to the to take the largest work.

The first show (until April

Hoyland's Medea/Almeida Theatre

**Andrew Clements** 

unison with the instruments touching in phrases here and

there to hegin, soprano and mezzo soprano intertwined for

the second stanza, a lyrical tenor solo for the third.

impaled upon rocks, a reflective way.

some 11 years ago, and woo has lately been reaching an even wider audience hy bis visual diary on Channel 4. Two or three years ago he was for a while an artist-in-residence at Cambridge, and this new work has been developed from the large drawings he made then, working for the first time on a large scale within the ortho-doxies of painting and abandon-lug the sequential imagery of

his earlier preoccupations.

The image is the buman face. male and female, full frontal and more than filling the canvas. The sense always is of a looking-out, peering round a curtain or through the mesh since the late 1970s, we can only of lace, the looker concealed yet curious and always a most positive, ambiguous presence, providing a quality of mystery and tension to which the deceptively impassive bandling and the suppressed and buried texts that inform the canvasses, give further empha-sia. It is an impressive abow.

### Huguenot exhibition at the Museum of London

exhibition to colneid with the tercentenary of the Revocation of the Edict of Nantes, which deprived the Huguenots of freedom to worship in France and led to some 40,000 fleeing to Britain, is being mounted at the Museum of London from May 15 to October 31. It will be in four main sections; their background in France; Huguenot institutions In England; the contribution they made to the arts, sciences crafts, literature, banking and the army; and a 19th century section which will include Millais' painting, The Huguenot.

### New guest conductor for BBC Welsh SO

Mariss Yansons bas been appointed chief guest conductor of the BBC Welsh Symphony Orchestra. He joins Ericb Bergel (principal) and Owain Arwel Hughes (associate conductor).

Mr Yansons graduated from the Leningrad Conservatoire and won first prize at the 1971 International Von Karajan Competition. Today be is permanent conductor of the Leningrad Philharmonic Orchestra, and principal conductor of the Oslo

### New opera for Gylndebourne

Glyndebourne has English composer Nigel Osborne and plans to present the first performance on the autumn tour of 1986, with further performances during the 1988 festival.

The new work will be based 28, Tuesday to Sunday) is given on a abort, early novel by Boris to Ian Breakwell who was, as it bappens, the second artist I ever reviewed for this page,

to use intervals, especially in the vocal writing, with simple expressiveness. Perhaps, as it stands, Senero/Medea seems

just a shade incomplete, rather



Felicity Kendal in Tom Stoppard's play Jumpers, which opened last night at the Aldwych Theatre, London

### Peter Serkin/Elizabeth Hall

**David Murray** 

Beethoven's last three piano sounded timelessly innocent. sonatas do add up to a recitat, but one wishes they didn't quite so often: for 10 or 12 years this programme has been in vogue among pianists of the most various ages and attainments (It is musically unimmoment. He did that on Sunday. with acute sympathy and a kind of tremulous Intensity.

The A-flat Sonata, op 110, was memorably beautiful, and the sonatas that flank it were very good. The E major, op 109, bad ita idiosyncrasies, or rather Serkin's. He likea to deliver the opening Vivace in a soft, melo-dious mutter, with some diminution of its energy, and to make the Prestissimo a series of wilfully uneven blurts. (I thought that might have been explained by the sticking planoey that got hasty professional attention between this sonata and the next, but no — his BBC performance of op 109, re-broadcast later that evening, had the same rumpled character.) The great Andante variations were, by contrast, trans-lucent, unfolded with lively delicacy and serene inevitahility.

The variation-sequence of op 111, the C minor Sonata, was Alcing, directe almost on that level, and its Corsaro and celestial running triplets Richard Hickox

Serkin'a reading didn't, however, measure the full scale of that sonata, which was a little betrayed by a too-gracious ments. (It is musically unimpeachable, short, and technically not too demanding). The admirably tough Allegro—as the climax of the mandally not too demanding? cally not too demanding!. It approached. That is to apply takes an artist like Peter Sar- severe standards to playing of kin to bring it up fresh again— great distinction. And the A-not just reverently re-told but flat Sonata was satisfying on lived through from moment to every possible count: Serkin's technical resource was con cealed but profoundly effertive (marvellous treatment, near the start, of the grave bass under the fluttering right hand), and the Adagio and Arioso were prerisely poignant, Each part of the Fuga began with cunning hesitancy and developed vitally; the pianist really seemed to hold the whole work in his hands.

### Spitalfields Festival The ninth Spitalfields Festival

in Nicholas Hawsmoor's church takes place from May 22-31. The various 1985 anniversaries will be celebrated—the births of J. S. Bach, Handel and Domenico Scarlatti — as well as the less well-known ones of Saint-Saëns, Berg, Butterworth, Barber, Schütz and Tallis. Highlights of the festival will

include three performances of a new production of Handel's Alcina, directed by Corsaro and conducted by

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday, A selective guide to all the Arts ap-

March 29-April 4

Stastsoper. Fidelio conducted by Stein

hills.

Sadler's Wells, Rosebery Avenue:
(2788916). The Ballet Rambert season is followed by the Ballet de
Montreal making its London debut
with a quadruple hill (Tue).

Garibaldi): Massenet's Werther con-ducted by Pierre Dervaux and di-rected by Giulio Chazalettes, sung

La Belle Helène, directed by Lotfi

Mansouri, with decor and costumes by Thierry Bosquet. Breda, Stads-schouwburg (223522).

Jones.

Volksoper. Britten'a Beggar'a Opera conducted by Bauer-Theussi; Lehar's Der Zarewitsch; Lehar'a Das Land des Lacheins, Count of Luxembourg; The Barber of Seville; J. Strauss' Vienna Blood. (5324/2857).

**NEW YORK** 

Martha Craham Dance Company (New York State Theatre): The world premiere of Martha Graham's

worto premiere of marina Granam's Song and last year's world premiere of The Rite of Spring open the three week season of mixed programmes featuring revivals of Appalachian Spring, Cortege of Eagles, Adrom-sche's Lament and Judith Ends

April 21, Lincoln Center (6705570).

TOKYO

(5324/2857).

with Hass, Watson; Swan Lake choreographed by Nureyev conducted by Rabenstein with Stadler, Birkmeyer and Dirtl; Gounod's Faust conducted by Binder with Raimondi, Welkl and Stajnc; Die Frau Ohne Schatten conducted by Schein with Hass, Watson and Jones.

The meeting was an event in itself; but outside the fact that artistic director met artistic director for the first time, little concrete materialised. To a great extent, the Arts Council bad sabotaged the meeting by announcing on Friday that 17 major provincial theatres were to receive an average 28 per

Garden programme.

Apparently, there was no willingness on the part of such beneficiaries to share their money around less privileged

On Sunday, 63 artistic directors from theatres throughout their local authorities, who bave England met in Manchester to been asked to provide metching grants to the Council's higher subsidies. The theatres believe that a lot of the development money will not go on new projects: rather, it will make deficits accumulated after 10 years of inadequate funding, a view that might arouse Arts Couocil ire.

According to Philip Hedley. of the Theetre Royal, Stratford East, who chaired Sunday's meeting, there are 24 theatrical rompanies on standstill grants (although they might still be waiting to hear from their local authority). Some — like the Derby Playhouse, which is employing one less actor per show and mounting one fewer production this year—already are reducing their programmes, Undoubtedly, the theatres are

suffering from the Government's deciaion to increase Arts Council money below the rate of inflation and rely on business and local authorities to make good the difference. But the "Glory of the Garden" cash has gone some way to make the provinces privileged as against London, and there is a rather Vienna Volksoper, Kalmaa's Princess
Czardas: 250-member company with
soloists, Karl Donch, Adolf Dallapozza, Mellanie Holliday, Mirjana
lrosch. Orchestra and chorus conducted by Rudolf Bibl. (Wed, Thur).
Tokyo Bunka Kaikan. (2627141;



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# Arts Guide

are solitary, guilty warders of a

obviously heavily influenced by

auch European stylists of the balletic time-suspending surreal

as Pina Bausch and Jan Fahre

is hazy and physically uncon-

vincing. The repertoire of repeated gestures—a tculative kiss, a look round by the donor,

a dive by the recipient for the

left breast, a reproachful res-

ponse and a return to hand-

chewing hesitancy—is not chill-ing or final; not, most crucially,

part of a cumulative process of theatrical statement.

Opera and Ballet

Wozzeck Is conducted by Christoph von Dohnanyi with Peter Gollieb in the hitle role alternating with Soiree de Ballets. Paris Opera (742 5150). Rameau's Hippolyte et Aricie with Wilham Christic conducting his baroque ensemble, produced by Pier Luigi Pizzi. Aricie is sung by Da-niele Borst/Donna Brown; Diana by Veronique Dietschy/Marie Chris-tine Porta. Salie Favart-Opera Co-

tine Porta. Salle Favart-Opera Comique (2960611).

Händel's Arlodante in co-production between the Théâtre des Champs-Elysées' Milan La Scala and Paris Opera. Jean-Claude Malgoire conducts: Production is by Pier-Luigi Pizzi and choreography by Richard Caceres. Théâtre des Champs-Elysées (7234777).

Ballet of the Paris Opera presents Romeo and Juliette in Rudolf Nureyet's choreography and production, decors by Ezio Frigerio, with Florence Clerc, Monique Loudieres, Claude de Vulplan. Cyril Atanassoff, Patrice Bart, Patrick Dupond, Jean-Pierre Franchetti, Jean Guizerix, Charles Jute, Jean-Yves Lormeau, Rudolf Nureyev in the maio roles. Palais des Congres (7582253).

WEST GERMANY

Berlin, Deutsche Oper. The new pro-duction of Siegfried, by Götz Frie-drich, has Rene Kollo in the title role and Catarina Ligendra and Gottfried Hornik. (34361). Hamburg, Staatsoper: To commemo-rate Händel's 300th anniversary,

Belshazzar is offered in a Harry Kupfer production featuring Walter Raffeiner, and Helen Donath. My Fair Lady has Gabriele Ramm as Eliza Doolittle and Boy Gobert play-ing Henry Higgins. The week'a highlight is Lohengrin starring Pe-ter Hofmann, Lisbyth Balsley and Eva Random (351,51)

ter Hofmann, Lisbeth Balslev and Eva Randova. (351151). Cologne. Opera: Die Hochzeit Figaro, part of the Mozart cycle produced hy Jean-Pierre-Ponnelle, is worth a visit with Margaret Marshall, Edith Mathis and Claudio Nicolai. Mad-ame Butterfly has Yoko Watanabe excelling in the title role. (20761). Wunish Bayerieshe Staatevaer Var-Munich, Bayerische Staatsoper: Verdi's rarely played Macbeth conducted by Riccardo Muti is premiering this week. Pique Dame brings together Elena Obraszowa, Julia Varady and Vladimir Atlantov. Parsifal has Rene Kollo in the title role.

LONDON

Royal Opera, Covent Garden: The re-Royal Opera, Covent Garden: The revival of Don Carlos, which was be have been in the original French, has disappointingly turned into just another Italian-language Covent Garden showing for the now-ancient Visconti production. Luis Lima, Beana Cotrubas, Bruna Baglioni (replacing the announced Tatyana Troyanos), Giorgio Zancanaro and Robert Lloyd takes the leading roles: Bernard Haitlink conducts. Further performances of the new Barber of Seville, with Thomas Alleen and Alicia Nafe. (240 1068).

turn to London. The new produc-

tion, conducted by Herbert Prikopa, is by Elijah Moshinsky; Edmund Barham, Penelope Thorn, Stafford Dean and Graham Clark take the leading roles. Further performances of the Fidelio revival, with the wonderful Josephine Barstow, and final ones of the witty, highly self-con-scious oew production of Handel'a Xerxes. (8363161). Royal Opera House . Covent Garden: The Royal Ballet offers mixed triple

Milan: Teatro Alla Scala: Proust, Du Les Intermittences du Coeur (based on Prousta A la Racherche de on Prousts A la evening of ballet by Roland Petit to music by Bee-thoven, Debussy, Faure and Cesar Franck. (809126). llermo: Teatro Massimo (Politeama

by Margareta Zimmermann, Pierrette Delange, Alberto Cupido and Lorenzo Saccomani. (58 4334).

NETHERLANDS

roles: Bernard Haitlink conducts.
Further performances of the new
Barber of Seville, with Thomas Allen and Alicia Nafe. (240 1068).
English National Opera. Colliseum: After many years of absence. The Bartered Bride makes a welcome return to London The Netherlands Opera Production.

# Theatres' crisis/Antony Thorncroft The Manchester manifesto

Man's need to explore. Hoy- flute solo portrays Orpheus's land's music is economical and lyre "stunned to silence." Else-

austere, with each paragraph where the very restraint under-of the text characterised by a fixed combination of voices— ear for sonority, bis ability to the quartet singing in rhythmic place chords to most effect and

There is very little demonstrative instrumental writing: a spiky, expressionist passage echoes the description of a ablp

ronsider bow to continue their campaign to persuade the Government to appreciate the rontribution of the arts to the national good.

cent increase in development grants under the "Glory of the

brethren (as theatres in London proposed after hearing about their grants). Instead, the ronference toned down its anti-ronference toned down its anti-Arts Council rhetoric by sug-gesting that it had its hands tied by the Government. It wants a "crisia" meeting with the concil to discuss wars of ex-tracting a bigger grant in 1986-87, and a rally to gal-vanise public support — it believes there are votes in the

# FT COMMERCIAL LAW REPORTS

A PERSON who seeks to arrest a ship to enforce his claim against her owner is not precluded from doing so by reason only of the fact that he has already arrested another ship in respect of the same claim, mistakenly believing her to be a sister ship after making proper inquiry as to her ownership.

Mr Justice Sheen so held when allowing an appeal by owners of cargo shipped on the Stephan J from the Admiralty Registrar's refusal to issue a errant for tho arrest of the ship in respect of their claim against the shipowners for loss of part of the carge.

Section 21 of the Supreme Court Act 1981 provides: "(4) In the case of any such claim as is mentioned in section 20(2)(e) to (r) [ie a claim within the Admiralty jurisdiction of the High Court], where—(a) the claim arises in connection with a ship; and (b) the person who would be liable ... in personam ("the relevant person") was, when the cause of action arose, January 23 1984 a cargo of carpet the owner ... of the ship, an meterial in containers was

# Mistaken arrest does not bar action against ship

THE STEPHAN J: Queen's Bench Division (Admiralty Court); Mr Justice Sheen: March 28 1985

action in rem mey... be brought
... against—(i) That ship...
(ii) any other ship of which...
when the ection is brought the relevant person is ... heneficial owner..."

Shipped aboard the Stephan J at Court Act 1981 and the fact that Rotterdam for carriage to Alexherm J was arrested and andria. During the voyage some released before the writ was overboard and lost.

On the present appeal the court of the court and the fact that Rotterdam for carriage to Alexherm J was arrested and and lost.

On the present appeal the court and the fact that Rotterdam for carriage to Alexherm J was arrested and and lost.

owner..."

"(8) Where ... a ship has been served with a writ or arrested in an action in rem brought to enforce that claim, no other ship may be served with a writ or arrested ... to enforce that claim; but this subsection does not prevent the issue ...

### APPOINTMENTS

### Chief general manager of **TSB England and Wales**

Mr Leslie W. Priestley is joining the TSB Group on April 22. He will be appointed chief general manager elect and directors of TSB ENGLAND AND WALES, the bank to be operative in late 1985 or early 1986. TSB England and Wales will comprise the present Trustee Savings Bank England and Wales and the group's central banking operation—Central Trustee Savings Bank—both hased in London. Mr Priestley will be joining the heards of both operations. He joins from Barclays Bank where he was regional general manager—northern region. From 1979-83 he was secretary-general of the Committee of London Clearing Bankers.

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\*\*CLARK WHITERIIL has appointed Mr David Major as managing director of Clark Whitehill Financial Services.

CLARK WHITEHILL has appointed Mr David Major as managing director of Clark Whitehill Financial Services.

Sir Ronald Mason has been appointed to the board of HUNT-ING ENGINEERING, a subsi-diary of Hunting Associated Industries.

RUSIUS POST PRODUCTION has eppointed Mr Chris Palin as managing director. Mr Godfrey Pye, Rosbes major shareholder and previously managing direc-tor, becomes chairman. Mr Palin

Mr Frank Baidrey has joined the boards of NOWSCO (UK) Mr Brian Livermore has be GROUP, Nowsco (Neth) Group and Nowsco (IFC) as a non-executive director.

Mr William J. Shaw, group thief executive of the BANK OF chief executive of the BANK OF NEW ZEALAND, will retire on June 12 and will be succeeded by Mr Robert B. McCay, currently deputy general manager. With Mr McCay's appointment, the apportunity is being taken to redefine the responsibilities of other senior executives in the bank. Mr Ronald W. Mear and Mr Peter R. Travers, who are presently assistant general man-Mr Peter R. Travers, who are presently assistant general mangers, will become general manager. New Zealand Business and general manager corporato and intornational respectively. Mr Thomas S. Temant, presently chief manager New Zealand branch banking, will join the top management team as assistant general manager.

The board of STEWART WRIGHTSON (AVIATION) has been reconstituted as follows: Mr A. H. C. Colls (chairman); Mr J. A. D. Palmer-Brown (deputy chairman and managing (deprty chairman and managing director); Mr P. L. Butler (deputy chairman and chief executive, North America Aviation); Mr D. Binks, Mr A. L. C. Brock, Mr D. A. Callow, Mr S. A. Goodes, Mr P. D. Levack, Mr A. G. May, Mr C. A. Newton, Mr R. J. W. Sayer, Mr D. S. Thempson, Mr P. J. Whalley and Mr E. G. Whytock (directors).

Mr A. V. Driver has been appointed chairman of HOOG-OVENS (UK) and Baxter, Fell & Co. in succession to Mr E. van Veelen, who has retired. Mr Driver is also chairman of the South West Thames Regional Health Authority. Following reorganisation of the group. Mr K. M. Whittaker. Mr J. F. Newman, Mr C. Koetzier, and Mr W. J. van Slobbe have also been appointed to the board of Hoogovens (UK).

The chairman of the SCOTTISH TANNING INDUSTRIES
group. Mr Fred D. Lang, has
retired. His successor is Mr
John G. Fergus, as part-time
chairman. Mr Fergus was
formerly chief executive of
Scottish Lowland Holdings, a
Transport Development Group
holding company, and other
current directorships include
Barr & Wray and Antaries.

Mr Peter J. Bates has been oppointed a director of THE NORTH BRITISH DISTILLERY.

Chief engineer Dr Christopher
J. R. Alker has been appointed
to the hourd of TRICOFOLBERTH.

Mr Patrick Drieboek has been appointed director of legal services for HONEYWELL EUROPE, co-ordinating legal affairs in Europe, Africa and the Middle East. He succeeds Mr Bichard Boncy, who moves to Honeywell's headquarters in Minneapolis to a new position as assistant general counsel.

Following a resolution approving the rights issue and arrangements with Olivetti Inter-

best known as the first man in the world to take off vertically in a fixed-wing aircraft, translate into aerodynamic flight and then change back to hover for a verical landing on April 6, 1960.

Mr James White, chief execu-tive of Bunzl, has joined the board of LUCAS INDUSTRIES as a non-executive director.

managing director. Mr Godfrey
Pye, Rusbes major shareholder
and previously managing director, becomes chairman. Mr Palin
has been involved with Rushes
for the past two years as a nonexecutive director representing
the minority share holding held
hy Midland Bank Equity:

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Mr Frank Baidrey has joined
the boards of NOWSCO (UK)
GROUP. Nowsco Well Service
(IIK). Nowsco (Neth) Group and

Lord King of Wartnaby has joined the board of CLOGAU GOLD MINES and has taken over as chairman following the death of Lord Harlech.

NORTHERN ROCK BUILD-ING SOCIETY has appointed Mr George Russell and Mr Caristo-pher Sharp to the board. Mr Russell is managing director and chiof executive of British Alean Aluminium. Mr Sharp, general manager, becomes managing director.

Managing director of London news-based independent radio station LBC and Independent Radio News, Mr George Filich, has resigned because of ill health. Pending the appointment of a formal successor, 1BC's general manager Mr Bill Coppen-Gardner has been appointed acting chief executive.

Mr A. T. R. Shand intends to retire from full-time activity. He will accurdingly relinquish his apointments as chairman and a director of ALEXANDER SHAND (HOLDINGS) and his appointments in subsidiary and associated companies. Mr Shand will remain a non-exemitive director of Charter Consolidated and will hecome president of the Shand Group. For the present it is not intended to appoint a new chairman of the Shand Group and Mr Stuart McLoughlin, the managing director, will now report directly to the executive committee of Charter Consolidated.

General manager of NEW ZEALAND INSURANCE in the UK for the past three years. Mr Jim Cooke is shortly to return to New Zealand to take up a new position in the parent company's head office i Anckland. His success or in the UK is Mr Peter Rackley from New Zealand. He was group underwriting managor for the South British Group prior to that company's merger with The New Zealand Insurance Co. in 1981. Most recently he has been manager, development (international) at New Zealand Insurance's head office.

HEELAMAT HOLDINGS has appointed Mr Martin Morgas property director of Heelamas Limited. He has been with the company for four years.

Mr E. Thiele, chairman of the committee of management of the LIVERPOOL VICTORIA FRIENDLY SOCIETY has retired and is succeeded by Mr K. Wilkinson, deputy chairman Mr H. Kershaw has been appointed doputy chairman. The varancy on the committee 1s filled by the co-option of Mr A. R. Taylor, assistant aree manager.

Mr Donald Fraser, has been appointed financial director of KODE INTERNATIONAL.

Mr Graham A. Coles has been appointed secretary of the James Halstead Group. Ho was assis-

On the present appeal ino question was whether the cargo-owners claimed in respect of the loss. Their solicitors made inquiries as to the ownership of Stephan J. They were informed by Lloyd's Intelligence that when the cause of action arose she was owned by a German company, and that it also owned Herm J.

On February 15 1985 the soli-

On February 15 1985 the solicitors were informed by Lloyd's Intelligence that Herm J was expected within the jurisdiction. On February 18 they issued a writ in rem against Stephan J and Herm J.

On February 20 they took the precaution of asking Lloyd's intelligence to confirm that, as at February 18, both ships were still February 18, both ships were still owned by the company. Lloyd's Intelligence replied that they were. On the basis of that informetion Herm J was arrested. Very shortly afterwards it became clear to the solicitors that the information provided by Lloyd's Intelligence was erroceous. Herm I was immediately neous. Herm J was immediately released. The writ was not served, and was amended by delotion of all references to Herm J.

warrant, having regard to the International Convention Re-section 21(8) of the Supremo lating to the Arrest of Seagoing

On the present appeal the question was whether the cargo-owners were entitled to arrest

If subsection (8) stood on its own, Stephan J could not be served with a writ or arrested to enforce a claim after Herm J had been arrested in respect of the same claim. On facts such as the present,

ton facts such as the present, however, that would be an injustice. The solicitors had taken every reasonable precaution to ensure that, on the day they issued the writ, Herm J was owned by the company which would be liable on an action in personner. It would be anomalous if erroneous information given and

received in good faith in an answer to proper inquiry were to lea dto a situation in which neous. Herm J was immediately released. The writ was not served, and was amended by delotion of all references to Herm J.

On March 13 the solicitors were informed by Lloyd's Intelligence that Stephan J had arrived at Fellistowe. She was expected to leave at 5 pm the same day.

They applied to the Admiralty Registry for a warrant for her arrest. The Registrar refused the warrant, having regard to service with a service of Seagoing to the correct of the subsection (8) should be read literally, or whether it was capable of some other interpretation.

The purpose of the subsection was to make it quite clear that a plaintiff could arrest only one with contract of the same defendants could he arrested.

The question was whether subsection (8) should be read literally, or whether it was capable of some other interpretation.

The purpose of the subsection was to make it quite clear that a plaintiff could arrest only one was to make it quite clear that a plaintiff could arrest only one was to make it quite clear that a plaintiff could arrest only one was to make it quite clear that a plaintiff could arrest only one was to make it quite clear that a plaintiff could arrest only one was to make it quite clear that a plaintiff could arrest only one was to make it quite clear that a plaintiff could arrest only one was to make it quite clear that a plaintiff could arrest only one was to make it quite clear that a plaintiff could arrest only one was to make it quite clear that a plaintiff could arrest only one was to make it quite clear that a plaintiff could arrest only one was to make it quite clear that a plaintiff could arrest only one was to make it quite clear that a plaintiff could arrest only one was to make it quite clear that a plaintiff could arrest only one was to make it quite clear that a plaintiff could arrest only one was to make it quite clear that a plaintiff could arrest only one was to make it quite clear that a plaintiff could arrest only one was to make it quite clear that a plaintiff could arrest only o

Ships, signed at Brussels in 1952. At the same time it preserved the practice of naming more than one ship on the writ, and deloting all but one when the time came to serve the writ and arrest the ship.

The subsection could not ho interpreted in isolation. It must be interpreted in conjunction with subsection (4) of the same

section.

Herm J was arrested in an action in rem to enforce a claim which could not possibly succeed against her owners because, when the true facts were known they were liable in personam.

The action ought to have been brought only against the owners of Stephan J.

As a matter of commonsens it would be absurd if the result of Herm J's arrest was that Stephan J could not be arrested in respect of a claim which could owners.

If one had subsection (4) in mind when reading subsection (8), the correct interpretation of subsection (8) was "Where as (5), the correct interpretation of subsection (8) was "Where as regards any such claim as is mentioned in section 20(2)(e) to (r), a ship (against which an action in rem may he brought) has been served with a writ or arrested in an action in rem hrought to enforce that claim, no other ship may be served with a brought to enforce that claim, no other ship may be served with a writ or arrested in that or any other action in rem brought to enforce that claim.

The words in brackets, which related back to subsection (4), had to be read into subsection

(8). It was clear that the Herm J was not a ship of which, when the atcion was brought, the "relevant person" was beneficial owner. Accordingly, Herm J was not e ship against which an action in rem could be brought. It followed that Stephan J might be arrested in an action in rem brought to enforce the claim. The appeal was allowed. For the cargo-owners: Jefrey Gruder (Richard Butler and Co.).

By Rachel Davies

# Rhein-Saar-Lux-LB **Balance Sheet '84**

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# **FINANCIAL TIMES**

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Tuesday April 2 1985

# Managing the **Post Office**

THE INDUSTRIAL disruption now taking place in the British Post Office stems from manage-ment's determination to change working practices which have areas, of which the most important is the introduction of the mination has been apparent in the post office has two peak mination has been apparent in much of the public sector during the 1980s; British Alrways, the National Coal Board, British Shipbuilders and other state-owned enterprises have been taking a firmer line in driving for lower costs. It is a welcome change of approach and one which, for the most part, employees have come to terms with. But, as the coal strike has sbown, it can sometimes take a painful dispute to persuade unions that they do not heve e right of veto over changes designed to improve the profitability of the business. The Post Office has two peak periods of work in the mornings and evenings. The managements, the business is far too dependent on voluntary overtime which is costly, inefficient and unreliable. Some 60 per cent of the postal staff work overtime averages 12,000 postmen—10 per cent of the total—do at least 20 bours a week. There is a total of 8,600 part-timers, but since 1978 the UCW has resisted any increase in their numbers. As result, the use of part-timers is patchy—none at all in

The Post Office is an interesting case, because—even after the 1981 Act which reduced its exclusive control over the con-veyancing of letters—it retains niost of the characteristics of an essential public service. Although large price increases can have an immediate effect on volume (and postal services are sory redundancy. vulnerable to other forms of communication), the link between costs, efficiency and jobs is not as obvious as in, say, steel or shipbuilding.

Consultation

For most of its long history the Post Office has been run es a government department, not as e business, and this has hred hahits and ettitudes which are not easy to change. It is strongly unionised and there is e tradition of wide-ranging consulta-tion with trade unions. The Union of Communication Workers, which represents the bulk of the employees, not a traditionally militant union like the miners or the dockers, but there are pockets of militancy, notably in London, where there are large concentrations of workers at the key sorting

ment, covers only slightly more its argume than half the workforce and file.

Anxious to mointain the momentum, the management has been trying to take the inlitative in several contentious areas, of which the most im-

is patchy—none at all in London for example. The management believes that with another 12,000-20,000 par-timers the Post Office could make tog

Negotiations on e package of reforms started at the beginning of 1984, hut last month a special UCW delegate conference blocked further discussion on part-timers against the advice of national officials. The UCW leaders, who are unlikely to relish an all-out battle in defence of institutionalised overtime, believe that the shift away from the consensus style of industrial reletions has been too precipitate; they need more time in which to sell the changes to their members. But the management is not prepared to of implementation.

In the past the Post Office has given a higher priority to the avoidance of disputes than to the improvement of efficiency; offices.

Since 1980 some progress has heen made in reducing unit form of confrontation would costs, but Improved Working accompany its passing. But the Methods, a productivity bonus extent of the disruption may scheme which is voluntary end well depend on the ability of the depends on local union agree-

Witches' brew in Athens

been a matter of ruses, the cutting of corners and, occa-sionally, of rough and tumble. To that extent there is nothing very surprising about the methods, bordering upon sharp practice, with which Mr Andreas Pepandreou, the Prime Minister, has ensured the election of a President of his choice. Whet must give pause is the seeming impulsiveness with which he bas broken the marriege of convenience that

Tacit ccoperation hetween the two men, uneasy though it often was, appeared to hold out well-founded bopes that Greece could get over a long history of extreme swings from left to right, marked occasionally by coups and even by civil war. What is known about the personality of the new President. Mr Christos President, Mr Christos Sartzekasis, does not make it appear probable thet he will prove the creatore of Mr Papandreou end of his Pasok socialist party. But the estab-lished mould of Greek nolities

Statesmanship

Passions have become inflamed. The New Democracy opposition party originally founded by Mr Karamanlis Is stirring them up further. Its rage is understandable. Mr Karamanlis was kept in the dark until the very last moment about Mr Papandreou's intenguaranteed secrecy of the Presidential halloting in the Parliament was impaired, not to say openly infringed. The right of the Speaker to participate in that ballot bas been challenged because he was acting President of the Republic at the time. His or the Republic at the time. His vote actually swayed the issue. It is the kind of witches' hrew which caonot but do damage to the idea of democracy. Greece, with colonels' rule a recent memory, can ill-afford such damage. A great deal of statesmanship will be required on all sides if the precarious stability achieved in Greek affairs is

manship will be required on Communists if he loses the all sides if the precarious stability achieved in Greek affairs is centre who helped Pasok to its

GREEK POLITICS always has pledge to leave Neto, responding to widespread anti-American feeling in the country. That pledge has been quietly shelved; the neuralgic agreement permit-ting the U.S. to maintain bases in Greece has been extended. Pasok undertook to pull out of the European Com

That pledge, too, has heen shelved. Greece may have heen the most awkward member of the EEC's awkward squad, but it has not fallen out. It played its hand for all it was worth in he had entertained with the debate about enlargement, outgoing President, Mr Constantine Karamanlis.

As had to was work in the debate about enlargement, but eventually agreed to the admission of Portugal and

Even in the perennial quarrel with Turkey about the Aegean end about Cyprus, Mr Papandreou has never overstepped the line of ultimate caution. As in the other matters, hia bark has been worse than his hite.

That said, it is fair to add thet Greece has not seen much of the policy of internal reform that Pasok promised. The economy is in a mess; bureaucracy remains rampant; graft is common. Pasok and Mr Pepandreou

the best that might heve been expected from them. Interna-tionally, no apple carts have been upset—though there were times when the ride looked precarious. At home few funda-mental reforms bave heeo carried out. The battles bave been mainly to gain and to

preserve power.
The uncomfortable question is whether this precarious halance can be preserved. Has Mr Papandreou taken an irreversible step towards adventurism by breaking with Mr Karamanlis and relying upon Communist support to make Mr Sartzetakis the Presi dent? The question cannot be answered out of hand with a "no." Greek voltatility is likely to increase; the country's allies are going to have some uncomfortable moments.

On the other band, Mr Papandreou could become too dependent for comfort upon the lity achieved in Greek affairs is not to be endangered.

To judge by bis public pronouncements, Mr Papandreou is not especially interested in stability, exteroal or internal. But until his coup de main against Mr Karamanlis, his actual conduct conveyed a different message. Pasok was elected to power in 1981 with a





Some time in the early hours of one morning during the past two weeks, M Jacques Delots, president of the European Commission, emerged from another gruelling round of negotiations with Spain and Portugal to declare: "I have seen the Community. It exists."

His hyperhele are a seen to community.

By Quentin Peel in Brussels

extraordinery and exhausting few weeks. For against many odds, the negotiations culmithe latter period of the previous nated in agreement on the key EEC membership terms for the team under M Gaston Thorn.
It is also a credit to the Italian presidency of the Community Last weekend's Brussels summit of the 10 Community beads of government has cleared the decks of all the most tiresome left-over baggage of recent years, and left the way clear for the 10 most.

nights of negotiations with Spain and Portugal to get a deal, at one stage himself chair-ing 40 hours of talks without a break for sleep. At the end be was beard to remark: "After

Goodwill has yet to be translated into consensus

25 years in Italian government. it is really not so difficult." The Foreign Ministers achieved agreement with Spain and Portugal on the most diffi-

cult problems remaining: bow to integrate those countries into the Common Agricultural Policy, already grossly over-spent, into the Common Fisheries Policy, which took

The doubt remains whether they can be resolved in time, before Spanish and Portuguese accession on January 1 1986 puts family quarrels on ques-tions of detail hack on the Nonetheless, the past weeks have created a momentum of tural investment, with an Ecu 5.25bn package settled after 18 months' dehete; clean-burning compromise and goodwill which has been sadly lacking in the Community in recent years, cars, with Germany reconciled That is a tribute to the determination of M Delors' new exhaust emission standards; and even steel, with permission for January, to hreak out of the netional subsidies to be con-Euro-pessimism which infected tinued through 1985.

When it comes to the long-range debate, however, the evident goodwill has yet to be translated into consensus. The members of the Dooge com-mittee were unehle to reach unanimity on key questions such as national veto rights, the powers of the European Parlia-ment and the extension of ment, and the extension of Community competence to questions of defence and

security. The rarm Ministers are still locked in disagreement over the annual round of farm price annual round of farm price increases, e debate which goes to the beart of the intended reform of the Common Agricultural Pnlicy Isunched last year. The specific reforms of the dairy sector, for example, which seek to impose production quntas to prevent the inexonable growth of surplus butter and skimmed milk powder stocks, are still in the balance, with a powerful lobby seeking with a powerful lobby seeking to dilute them.

On the industrial front, a temporary agreement to extend the present regime of steel subsidies until the end of the year has not resolved the longerterm debate over continued state aids after December.

Even on the question of removing barriers to the internal market, the heads of

in high technology, and thereby maintain its competitiveness in the world market, while also Most pressure will be on creating jobs along with Britain and Ireland to modify economic growth. In the event, their positions at the June

enlargement. The divisions remaining in the Dooge committee heve formed along the lines of nld members and new. Those who express most enthusiasm for pressing ahead with Institutional reform, weakening the power of national veto, and strengthening the Parliament in Strasbourg, are the original Six: Belginm, France, Germany, Italy, Luxembourg and the Netherlands.
Their representatives all want to hold a new conference to redraft the Treaty of Rome along those lines.

Britain, Denmark and Greece doubt the need for any such conference, arguing rather that the urgent need is to make the present Treaty work better, to use majority voting more frequently to overrule national objections, but in maintain the right of ultimate veto for any stete which helieves its "vital national interest" to he

Ireland manages to stand in the middle, seeking to preserve the veto hut reform the Treaty. Neutral Duhlin is also the most notable opponent of defence and security questions being included in the growing political co-operation among member states—a move which all the larger members, including

spent, into the Common Fisheries Policy, which took years to negotiate with the Ten, and into the Community Budget system. Outstanding details will take another two months to finalise, before the eccession treaties can be signed in about June, leaving six months for all the national parliaments to ratify them.

Other deals concluded concern the hudget—how to finance this year's hudget gap, to provide Ecu Ibn (£570m) to cover reduced British contributions, and to increase national contributions from 1986; agriculties of the secure of the European Comparison of the finance in the lead of the U.S. and Japan in high technology, and thereby Parliament and the Commission itself.

> their positions at the June meeting in Milan. Denmark and that discussion was over-meeting in Milan. Denmark and whelmed by the immediate Greece are regarded by the need to persuade Greece to rest as bardened recidivists, accept a reduced cash deal for but there is a desire in con-

backward Mediterranean areas, tinental Europe to involve Lon-and thus lift its embargo on don and Duhlin in the movement to greater integration.

If the Ten cannot go all the way on questions of institutional reform about the shape of

Europe to come, can they et least agree on the substence? Britain is most enthusiastic about completion of the internal market, so that the entire 320m population of the enlarged Com-munity may give the Europeen manufacturers the size of home market their U.S. counterparts enjoy. Lord Cockfield, the senior British commissioner, is responsible for that portfolio,

Pressure on Britain and Ireland to modify positions

and M Delors himself is lend-ing his full weight. The endorsement of 1992 as deadline for removal of the last barriers will nonethcless require mejor concessions from ell. For its part, the Commission has abandoned the search to harmonise all product standards on Euro-norms, because of the slow progress to date. It now proposes merely mutual recognition of national standards, provided they comply with minimum health and safety

on other aspects, a truly open internal market will mean ellowing freedom of financial services, on which West Germany has been holding out against British pressure. And taken to its logical conclusion, it will indeed require common VAT bases and rates—a point on which Lord Cockfield is edamant, and the British Treasury decidedly cool.

requirements.

As for M Delors' push for European programmes of high technology co-operation, he will bave to overcome inevitable national pressure to agree on following a particuler route which may favour one or other computer company or telecommunications system. M Delors wants the Com-

munity to embark on an amhltious joint research programmes, on the lines of the Esprit programme to provide funding for co-operation in information technology, the Brite scheme for basic research into industrial technologies, and the most recently approved Race programme laying the foundations for Community-wide broad-hand integrated communications hand integrated communications circuits.

The new Commission is also keen to expand its involvement both in job-training and employnote in jou-training and employment schemes in backward regions—the regional and social funds. M Delors has argued forcefully that the wealthier northern states must be prepared to pay more to help the noorer south. poorer south

poorer south.

He has learned to tread more warily in pursuit of creater economic and monetary integration, leaving the further development of the European Monetary System and the European Currency Unit (Ecu) to the jealous co-operation of the central bank governors, with only an occasional helpful shove from Brussels. There at least the pressures of the least the pressures of the market place—in support of the Ecu, for example—are accomplishing more than the Brussels hureaucracy can hope

Completing the Common Market and developing the EMS should not cost too much. Research programmes. and regional and social policies cost more. That is where the develop-ment plans of the Commission could clash with the budget discipline sought by Mrs Thatcher end Chancellor Helmut

The irony is that the hudget disciplinarians, on the one hand, and the spendthrift farm lohhyists on the other, could find themselves united in an unholy and unintentional alliance which keeps the Community budget locked into its present form: two-thirds for farming, with nothing to spare for new departures.

The raising of national contributions from the 1 per cent VAT ceiling to 1.4 per cent will finance spending for harely two yeers heyond the date of enlargement, on present calculations. Most of the increased cash is alreody committed.

What the Ten must ultimately decide is whether they limit the Community to what can be achieved within the present framework and resources or whether they are willing to back supra-national authority in a more eggressive stretegy of accelerating integration and co-operation.

### Winding road to Brussels

installed

"Difficult and freakish work" that is Manuel Marin's descrip-tion of Spain's marathon negotistions for membership of the EEC.

His hyperbole was perhaps forgiveable at such an bour, in the throes of what bas been an

soon to be 12, to ask themselves just what sort of organisation

An answer to that question, and to the subsidiary problem

of how to improve the way they work together, is all the more

urgent because of the forth-coming enlargement. The advent

of two new members will change the economic and political

belance of the Community, in-

creasing the disparity between rich and poor states, and rein-forcing the influence of the

Mediterranean south. Decision-

making will inevitably be made more difficult on key issues such

as removing national barriers to a genuine Common Market,

economic co-operation and monetary union, let alone the

distant and vague objective of

All those issues are on the EEC agenda, and have been debated already within the committee of wise men chaired by Ireland's Senator Jim Dooge.

They will now he thrashed out

between national capitals before-being put on the table for the heads of government in Milan

in June.

The 35-year-old Spanish Minister for European Community Affairs — popularly known as "The Briefcase Man" gave an hilarious insight into talks in an interview yesterday with the Madrid daily "Diario

"If the Spanish public saw e video of the negotiations, they wouldn't helieve lt," Marin says. Many times, I had the impression that we were on another A whole morning and part of

A whole morning and part of an afternoon, he says, was spent defending the horned viper, e kind of snake which is protected in Spain. "You wouldn't believe the effort we had to make to explain ... that we wanted to save this little animal. According to negotiators (from other countries) every-(from other countries) every-thing lethal has to disappear from Europe. Fortunately, we saved it."

Four deys, Marin seys, were spent talking about Spanish textiles and clothing, especially underwear. "You should have seen the Spanish delegation with Fernado Moran (Foreign Minister) at its bead, singing the praises of cotton panties."



### **Men and Matters**

issues a doll' heads and electric toasters, Marin concludes that Spain was lucky that an Italian was presiding over the talks.
"We Latins see more eye to eye on things. You'd wind up crazy trying to talk to some interlocutor with e Calvinist, Lutheran mentality."

But would this sort of difference of outlook force Spain to work harder to compete in the EEC? "Of course not," Marin says firmly, "Europe sleeps just like we do . . This Idea that Europe works more and sleeps less is e myth."

Package deal

Dr Brian Smith, aged 56, who was named yesterday es the next chairman of Metal Box, is clearly not one to settle for After 30 years with ICL he Is

Arter 30 years with ICI, he is laaving his present job as director responsible for the areas of speciality chemicals and the U.S. to tackle what he calls "e challenge you can't refuse."

good, powerful chief executives in each erea and my joh has been to belp their general thinking. But Metal Box has mada a lot of changes in the last few years. And they reckon they have got a lot more to do. The rate of change in packaging goes on apace."

liever in the future of the "semi-custom" semiconductor devices in which LSI Logic specialises.

As president of Intersil, Wells played the role of problem solver. "Intersil was in a bad way when I arrived there two years ago," he says. The

ICI and Metal Box are, as it

Logical step

"Like going bome" is bow George Wells describes his new joh as president of LSI Logic, the rising star of Silicon Valley's semiconductor industry.
For the 49-year-old Scot will he
back among old friends.

Wilfred Corrigan, LSI Logic's founder, tops the list. Wells and Corrigan have worked together for most of their 25 years in Silicon Valley. Both arrived in California in 1860—Wells from Glasgow and Corrigan from Liverpool—young engineers in search of high-tech excitement. excitement

These "likely lads" went on to make their fortunes. Most recently, they worked together at Fairchild Semiconductor where Cortigan was chairman and president, while Wells held the post of executive vice-president and general manager of the and general manager of the

refuse."

"It's prohably a good move for ICI as well as myself," be says. "It enables aome fresh people to come on to the ICI board at the right time. The team has heen the same for four or five years and it could do with some renewal whila it is still virile."

And when he arrives at Metal Box? "There's nothing like being back in direct operations. As U.S. head of ICI, I've had good, powerful chief executives in each erea and my joh has been to belp their general manager of the components group.

Several other "Fair children"

—Fairchild elumni—are in the LSI Logic management team, making the company a classic example of Silicon Valley spin-off.

But while personal relationships had much to do with Wells's decision to resign his current post as president of Intersil, a General Electric subsidiary, be is also a strong believer in the future of the "semi-custom" semiconductor devices in which LSI Logic

company which bad only just been acquired by GE, had failed to keep up with the latest production technology and has neglected research and development. Now, Wells claims, Intersil is in much hetter shape. 'I'm sad to leave. It's been a good two years."
Wells's job at LSI Logic will not he without its challenges.

"The company has been spend-ing at the rete of 100 per cent of revenues. That is going to take some management," he concedes.

### New slant

More and more companies are apparently taking a keer interest in how their executives cross their t's and dot their l's cross their is and dot their is.
Sheila Kurtz, a psychologist
who set up a New York consultancy in graphology (handwriting). A New Slant Inc. In
1973 and now numbers 200 U.S.
companies among her clients,
was explaining why in London
the other day.
The way you cross your is.

The way you cross your t's, she says, reveals the level of your enthusiasm and bow high you are alming. Where you dot your i's shows how attentive you are to detail.

Mrs Kurtz, and ber staff of five, enalyse up to 300 different handwriting traits to belp assess the suitability of candidates for executive posts.
"There is no better way of
evaluating character," she says,
claiming a 95 per cent success

rate,

But the most satisfying part
of ber work, she says, bas not
been in keeping unsuitable
people out of certein jobs, but in pointing them towards new and more rewarding paths. She bas now written a book about her methods (Grapho-types, David & Charles, £7.95) to enable people to evaluate their own character from their

bandwriting.

And if they don't like what they see, she claims, they can always improve their attitudes by improving their writing. I am now looping my g's and y's to increase my "imaginative potential."

Observer

# The new 2 x table.

dep	Birmingham to	dep
0645	Milan	1520
0650	Geneva	1540
0650	Zurích	1540
0700	Copenhagen	1700
	0645 0650 0650	dep Birmingham to  O645 Milan  O650 Geneva  O650 Zurich  O700 Copenhagen

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### Letters to the Editor

### Competition and the skies

From the General Manager (UK and Ireland) Singapore Airlines

Sir.—Singapore Airlines rarely, if ever, takes issue with you on avialion matters. Your editorial. "Hot Air about Competition," sadly contained a number of factual errors which we feel bound to correct, in the interests of securing a fair bearing for our application to provide services from Manchester

First, it is not true that only about half of our passengers disembark at Singapore. The figure is 80 per cent or 133,000 out of a total passenger load of 167,000. The remainder go on to other destinations. Our share of the traffic to Australia is only 11 per cent of the traffic horne by the major carriers on this

Second, it is obvious that given the figures above, we could hardly hase an application for Manchester services on the expectation of poaching the London-Australia traffic from Religion Australia British Airways as your editorial suggested. Our application is based an sound economic criteria. We receive no Government Subsidy and would not open a new mote unless it was considered viabla.

The case for Manchester stands nn its own. It is a Category A International airport serving a population of 20m. Our research, substantiated by Manchester. the Mancbester Airport
Authority suggests substantial
potential passenger traffic. The
potential for freight is vast with 60 per cent of the nation's from it in all directions. Both mannfacturing canacity being of us, naturally, try to draw as located in the Greater Mannuch traffic as possible through chester catchment area. It makes no sense that this traffic should have to decamp to London—or even worse, be syphoned off lo Amslerdam—in order to link up with services to the Far East.

Third, your editorial suggests that no quid pro quo is being offered to BA and that we are osking for "a unilateral gesture." Our Air Services Agreement with the British Government stipulates that there must be reciprocity. For every new service we are granted to the UK a reciprocal service must be offered to BA or another designated UK

We are more than happy to offer BA three slots from Manchesler to Singapore and, as cyldenes of our goodwill we have already agreed to allow BA to open np a new route beyond Singapore to Adelaide.

So far we have received nothing. in return. Last month the Government of Singapore granted permission for London to fly from Stansted to without again ngapore, reciprocity. The UK Government has still to give its consent and. we understand, BA has raised

ment between Britain and Singapore is not restrictive. It is a liberal agreement which explicitly provides that there is to be no prior delermination of capacity and leaves the air-lines to use their own commer-cial indgement in this respect. This is just the sort of agree-ment that the Aviation Minister, Mr Spicer, has been promoting lately. All we ask is the oppor-tunity to put it into practice. Lastly-and this is the higgest

howler!—your editorial suggests that we bave aomebow hreached the agreement. We have not and no one, not even British Airways has ever suggested otherwise. As already stated, the overwhelming majority of our traffic is to Singapore as the ultimate destination, so there is no breach in that respect. Furthermore, the agreement enables the national parties of either the agreement enables the national carrier of either country to apply to expand its service without prior controls or limitations. So we are quite within our rights in opplying for three Manchester slots in addition to our daily service to Heathrow.

We understand BA's reservations about extra competition nn the lucrative Far East ronta just before privatisation, but the believe their fears to be

When it comes to competition they baye a number of factors in their favour. Each of us has a hnb with spokes radiating from it in all directions. Both our own hubs, ond both of as make the most of our favour-able geographical locations. But BA's bub ot London is much bigger than ours and has been eatablished much longer. Like Mr Colin Marshall'a previous business, Singapore Airlines has to try that much harder!

Furthermore, as your editorial so rightly states, there really is no economic justification for denying extra services on the Singapora route. We believe it can sustain more flights by both can sustain more flights by both BA and Singapore Airlines. Neither airline has increased its services for 10 years during which time passenger traffic has increased by 67 per cent and which time passenger traffic has increased by 67 per cent and freight traffic by 145 per cent.

So our messaga to BA is "come and join ns—there's enough traffic for both of us." To the UK Government we say simply and respectfully "in the interests of liberaliaing aviation. increasing trada and industry in the north of Engaind and maintaining the great goodwill that exists between our two countries, please reconsider

Heathrow Airport, Hounslow.

### Flying into bankruptcy

than British Alrways is likely to generate from these markets.

Cheaper travel to Australias would soon drive lice western airlines would soon drive lice western airlines linto bank-rapidy. In 1983, some airlines dribble of 12,000 British husing rapidy. In 1983, some airlines dribble of 12,000 British husing rapidy. In 1983, some airlines dribble of 12,000 British husing rapidy. In 1983, some airlines dribble of 12,000 British husing rapidy. In 1983, some airlines dribble of 12,000 British husing rapidy. In 1983, some airlines dribble of 12,000 British husing rapidy. In 1983, some airlines dribble of 12,000 British husing rapidy. In 1983, some airlines dribble of 12,000 British husing rapidy. In 1983, some airlines dribble of 12,000 British husing rapidy. In 1983, some airlines dribble of 12,000 British husing rapidy. In 1983, some airlines dribble of 12,000 British husing rapidy. In 1983, some airlines dribble of 12,000 British husing rapidy. In 1983, some airlines dribble of 12,000 British husing rapidy. In 1983, some airlines dribble of 12,000 British husing rapidy. In 1983, some airlines dribble of 12,000 British husing rapidates is due to poor teachness where an in schools. Surely the major transport to all also build on this with further exposure and sumbers of angineering future of this country as a manufacturing nation depends on us producing managers on not choose engineering is the truncoted career prospects on offer.

Our much richer rivals find it profitable to pay the current fares, whereas the financial contract of the major transport of the profitable to pay the current fares, whereas the financial contract of the profitable to pay the current fares, whereas the financial contract of the profitable to pay the current fares, whereas the financial contract of the profitable to pay the current fares, whereas the financial contract of the profitable to pay the current fares of British fares, whereas the financial contract of the profitable to pay the current fares of British fares, and the profitable

On the other band, there are 

From Mr A. J. Lucking.

Str.—Truly free competition is air transport would mean that the transport would mean

£13,500 p.a., and moreover, the chairman himself was there the year before last . . . .

### Wages councils and poverty

argued (March 22 1965) for abolition of the wages councils as a psychological gesture towards wages moderation. Aren't the wages that you quote of £30 or £40 per week moderate enough? And where is the evidence that wage council

As for jobs, the only cyldence you cite is that up to 2.75m people may have to be made worse off in order to generate 8,000 jobs over five years. Surely this is an inefficient trade-off if our sim is to make a net

From Mr Doug Jones,
Sir.—Many of those whose wages are set by the wages councils carn less in a week than the cost of an expense actount lunch with an FT journalist. Yet one of your well-paid (and well-fed) journalists argued (March 22 1985) for abolition of the wages councils

addition to the welfare of the poor — both low pald and unmipored. Moreover, there is no avidence that the only way increasing the numbers on poverty wages. Since olternatives exist, why insist on tha poverty wage option?

Next time the Financial no avidence that the only way to generata employment is by increasing tha numbers on poverty wages. Since offernatives exist, why insist on tha poverty wage option?

Next time the Financial Times advocates cutting the wages of the lowest paid, perhaps it could all least attempt to present arguments that are more aconomically ond morally robust. Or is it that no such evidence that wage council robust. Or is it that no such aboution would have such an arguments exist and that you advocate more poverty wages

because that bappens to be the flavour of the month? Doug Jones, Economic Assistant to Mr Roy

## Payrolls and Hong Kong

From Mr M. H. Coulson, "Blf. Mr J. V. Harris com-

Michael H. Coulson, International Department, mains that a payroll tax would Laing ond Cruickshank, Piercy House, 7, Copthall Ave., Song of Europe. We should be

# The Buddy Holly connection

From Mr H. Thorpe-Smith.

Sir.—Lombard asks (Morch Barry Thorpe-Smith, Barry Thorpe-Sm

roll singer, the lale Buddy Holly.

### Our declining forests

during the next century.

Surely the largest timber im-porting countries—Japan and

fluence to prevent this cata-strophe. The UK alone now spends tha enormous sum of £4,500m per annum on imports

of timber and wood products. In 1970 the value of UK pro-

duction was equal to just over

12 per cent of imports, whereas by 1983 it had fallen to just over 11 per cent and the 1984 figures, when available. will

almost certainly show a further

the UK, will bear some respon-sibility for the destruction of the

world's forests unless we sup-

price levela. There is a general recognition within the business community of the truth of this

assertion, and the proposals now before the Accounting Standards Committee, if accepted, will result in the provision of meaningful information for shareholders about the effect of inflation on that

It is important to oppreciate

that companies are still being adversely affected by the impact of past high and more moderate current levels of inflation.

The ASC's efforts to develop

a suitabla form of price level accounting bave not rollapsed

nor have they been abandoned. The proposals now under con-

sideration offer, I believe, the prospect of a fresh, practical

and reasonable approach which will recommend itself to

accountants and the business

their companies' results.

Consumer nations, including

fall.

- must use their in-

Fourth, your edilorial refers to restrictive bilateral agreements which, as it says. British officials have so carefully negotiated. However, the agreement between Rritish and 33 consumer countries are Sir,-As a forester I am aaddened that the 38 producer and 33 consumer countries are now hesitant about co-operation within the proposed Inter-national Tropical Timber Agree ment aimed at perpetuating the ecormous value of our declining tropical forests as a renewable resource (Andrew Gowers report March 28 1985).

On the same page, James Buxton reports that the UN Food and Agriculture Organisation in Rome is seeking a pairry \$5m to assist each drought stricken African country to pro-duce food with no mention of

duce food with no mention of the fuel-wood necessary to prepare that food or even boil water to reduce disease. What has happened to co-ordination and co-operation?

Forty eight per cent of the world wood removals each year is for fuel. Poor people are having to tramp 10 miles a day merely to gather wood to boil a kettle. In our tropical forests, an area the size of Britain is being destroyed each year for fuelwood and to clear land for nomadic farming. At this rate we shall destroy these forests

### Cost accounting standards

From the chairman of the Arcounting Standards Committee.

Sir.—I am dismayed by your report (March 29) that "the UK accountancy profession's efforts to agree on a common standard for current cost accounting officially collapsed yesterday."

This is untrue. The Accounting Standards Committee has before it and is in process of debating recommendations for a simpler more flexible standard requiring lisled com-panies to give information about the effect where material of price level changes on their results which I hope the ASC and subsequently the account-

ancy bodies will approve. While ASC has agreed that it would not he appropriate to convert the proposals in ED35 into

### Are you being served?

From Mr J. J. Morris SIT.—Sir Gordon Barrie's served by ensuring that the comments which you reported goods they hay are of statutory on March 18 regarding conminum standard and that sumer prolection/trade ossociations would be of more importance particularly to buyers of manufactured goods, the consumer as a statutory of the were only to endorse the obligation which ensures that mly to en your position and grant our German practice wherehy all the products are up to scratch application."

German practice wherehy all the products are up to scratch in the first place.

T. F. Kingston.

German practice wherehy all the products are up to scratch in the first place.

a particulor sector have to John J. Morris, companies who wish to trade in in the first place, a particulor sector have to John J. Morris, comply with a national standard Chairman and Managing

which in our case, of course, Director, equales to the BSI. Thermal Securities,

and value for money is better hitestian w

It seems to me that the pur-suit of customer satisfaction Orion Southgote, Peterborough.

### Engineering career prospects

From Dr J. Bowling

manufacturing problems.

Not only should industry insist that engineers leave university with a basic understanding of man management and Tomuorth, Stoffs

finance, it should also build on

### Voting reform and local councils

From Mr Roben Squire, MP.
Sir,—Largely unnoticed, the
Local Government (Choice of
Local Systems) Bill has now
passed all its stages in the
House of Lords, without a
single dissenting vote and
hardly a dissenting vote. Introduced hy Lord Blake, a Conservative peer and vice-president of Conservative Action
for Electoral Reform, this Bill
would, M passed by the Commons, enabla any district rouncil in England or Wales (includcil in England or Wales (including their electorates wishes, ing any London borough) to Those who believe,

also for a healthler state of it is.
local government than we have Who knows?—perhaps with
seen in recent years. It may PR we would even see the local also be regarded as significant election turnout in the rest of that a similar Bill two years the UK equalling that in ago, did not succeed, perbaps Norhern Ireland. There it is

while many are wrongly swayed against PR for national government by arguments about strong government," these arguments do not apply to local government. In local government, London SWI.

cil in England or Wales (including any London borough) to introduce proportional representation for its own elections. Tha fact that the Bill is unlikely even to receive a Second Reading in the Commons abould not be allowed to detract one iota from the significance of its passage in the Lords. Strongly supported by a combination of Conservative, Labour, crossbench and spiritual peers, as well as by tha Alliance, it is a product of a very real and genuine concern, not only for a fairer system of election, but also for a healthier state of it is.

ago, and not succeed per tags with relation in the same around 60 per cent (64 per cent ing. One of our two Houses of in 1982) compared with well Parliament has thus firmly under 50 per cent elsewhere. All true democrats must surely aonlaud such s prospect.

### Political campaigning in Britain MORE than 300,000 homes Britain have received a letter in the past few weeks from Dr David Owen, the Social Demo-crat leader, asking for views



which form of political canvassing do you find objectionable: direct mail, TV, telephone . . .? "

# The techniques are also changin. The traditional mass approach through television, newspaper and poster advertising is being supplemented by a more specific focus on particular groups of voters through the use of direct mail shots and telephones. These are common devices in commercial marketing, but their main political use so far has been in the U.S. which has been closely studied by all the major British parties. These tactics rest on the be-Now for some target practice These tactics rest on the be-lief, in the words of Mr Dick Newby, the SDP national secre-

By Peter Riddell, Political Editor

families were warned about sweat shops. All targeted homes were contacted 10 times in the month before the alection. The result was a three-to-two vote against the amendment.

Political consultants in the U.S. like Mr Matt Reese, who has advised Democratic Party candidates for two decades, have developed highly sophisticated techniques to identify potential supporters. His Geodemographic Targeting looks at attitudes as measured by an opianion poll, which are held hy various groups defined by age, income, ethnic origin and lifestyle. This enables a campaign to fine tune its appeal to specific groups, often of no more than 200 people in a city block, by using a combination of direct mail and phone banks, ma reinforcing the other.

Mr Reese's firm was, for exagainst the amendment.

British parties are moving along the U.S. road. Ms Patricia Hewitt, Mr Kinnock's main medio adviser, emphasised the lessons from the U.S. of the integration of research with advertising and campalgning. In the past, parties have been told where they have been told where they have been going wrong. Qualitative research such as focus or discussion groups of eight to 12 can identify what people are concerned about and how they can be hrought round to a particular viewpoint. This approach, coupled with conventional polling, has been used by Market Mr Reese's firm was, for exing, has been used by Market and Opinion Research Inter-national to advise Labour on its new campaign, highlighting the need for the party to sound

ample, called in by union lead-ers in Missouri in 1978 to help fight a " right to work " amend ment to the state constitution, outlawing union shop contracts, which would be decided by all voters. An initial survey showed a two-to-one majority in favour practical and realistic.
Similarly, this research has belped establish the tone of of the amendment On Mr Labour's appeal to young voters. Reese's advice, 18 groups of through Mr Kinnock's contacts potentially favourable voters with the pop music world and were identified and each was the prominent use of singer

Newby, the SDP national secretary, that it is possible to target scarce resources much more precisely by directing the political message at particular segments of voters. On this view, most campaigns waste time and money nn talking to the firmly committed rather than the smaller number who decide elections—sympathetic people who only occasionally vote, and tablecided electors who always turn out.

Political consultants in the

turn out

sent a different version of a similar letter. Suburban voters were told that "right to work" laws constituted government interference in the free coterprise system, while low income

Billy Bragg in the Jobs ond Industry Campalgn.

All this is light years away from Labour's traditional dislike of polling and marketing. When the system, while low income

Mr. Nick Grant was appointed when the system of polling and marketing. When the system was appointed and the SDP also has plans in the system. head of Labour's press and pub-licity less than six months before the 1983 election, there was no campaign plan and no polling had been commissioned since 1979. Now there is not only a high level campaign strategy committee but there is

a hudget for regular opinion polilng. Tha Conservatives can claim to have been well ahead of the game, Mr Gordon Reece, the Prime Minister's media expert, whose return to Britain in early 1983 fuelled election specula-tion, first looked at U.S. experience in 1976. Some of the lessons of presentation and qualitative research were applied in 1978-79. Since then, there have been close links between advertising agency Saatchi and Saatchi and Conservative Central Office. For instance, Mr Michael Dohhs, a vice-chairman of Saatchi's, is also a part-time adviser to Mr Norman

Tehbit, the Trade and Industry Secretary, who is almost universally expected, not least by himself, to become Conservative Party chairman this autumn.
The Tories were the first to apply direct mail in the UK

with a questionnaire and financial appeal in 50 constituencies before the 1983 election. Since then there have been occasional appeals to raise money and a larger-scale exercise before the Euro-elections. These mailings are based on previous responses, commercial lists and the Acorn (A Classification of Residential Neighbourhoods) data.

Under the current party

Under the chairman, Mr John Gunmer, the emphasis has switched to constituencies. He emphasises the need to build on the Tories' existing local strengths. He sees the computers now installed in well neer 100 constituencies as providing an opportunity to reach out to new members. Central Office is assessing the early results. early results.

The SDP, with its centrally computerised records, has enthusiastically adopted direct mailing. It uses consumer lists aimed at the middle class and affluent working class. Its approach is based on a questionnaire (to provide information about potential supporters) plus a financial appeal which is the primary aim of the exercise. The U.S. experience shows that parties can tap donors regularly as lists are huilt-up.

Labour does not use commercial lists for its smaller scale mailing, but relies on responses to its party broadcasts and campaigns, plus subscription lists to publications like New Socialist. Mr Grant reports a good response which is now clearly paying off.

More advanced techniques of trageting are still at an early almed at the middle class and

this area. this area.

The opposition parties are interested in the use of telephone hanks to contact voters. But Mr Gummer is cautious partly because he believes that, unlike Americans, the British regard the telephone as an invasion of the privacy of their bome, so canvassing might not

All this does not maan that British politics is beaded for the high spending saturation campaigns of the U.S., where last year, for example, candi-dates for the House of Representatives alone spent more than £150m, or 10 times the total expenditure of all the major parties in Britain in the

1983 election.
The extensive use of direct mail or telephones during cam-paigns would b restricted by a candadate's upper spending limt of about £4,500 during an election. But within these con-straints the emphasis in Britain is now shifting towards a more tion. But within these direct and specific approach to the individual vote, with the opposition parties for once nn longer lagging well behind the

### YESTERDAY ONE OF BRITAIN'S TEN LARGEST FIRMS OF ACCOUNTANTS CEASED TO EXIST.

Established for over a hundred years, they were known for their consistent record of innovation, their professional skills and their conscientious approach to their clients'

They were big enough to handle the largest assignments yet were careful with the smallest detail.

To their clients they were known as personable, enthusiastic and considerate

They were Thomson McLintock & Co. They no longer exist because they are now KMG Thomson McLintock.

They were founding members of the international KMG network and now have 440 offices, 3,100 partners worldwida and a wealth

of international experience. They would be delighted to hear from you.

KMG Thomson McLintock

# FINANCIAL TIMES

Tuesday April 2 1985



## **Thousands** of Danes defy new legislation on wages

By Hilary Barnes In Copenhagen

MANY thousands of Danish workers yesterday refused to return to work in defiance of the Government's wages policy legislation en-acted at the weekend.

About 100,000 people staged a

peaceful demonstration outside the parliament huilding in Copenhagen. This followed a similar demonstration on Friday. Groups of demonstrators later went on the rampage through Copenhagen, but few arrests or injuries were reported.

In Odense, Denmark's third largest city, police retreated, leaving patrol cars behind, when about 3,000 demonstrators began to riot. Trains from the Jutland capital of Aarhus were delayed when demonstrators lay across the tracks.

The Copenhagen stock exchange ignored the disturbances. Bond and share prices rose in lively trading, with the all share index going ahead by 1.71 points to 179.73.

The measures enacted at the weekend include a ceiling on wage increases of 2 per cent a year in the next two years, compulsory savings for above average earnings and an increase in the corporate income tax rate from 40 to 50 per cent.

The Employers Association said the strikes in industry yesterday involved 'a great many people," but it could not give a number. Workers in most major companies went home after attending mass meetings in the morning.

In the public sector bus drivers. dockers, postmen, hospital personnel and social welfare workers were among groups most seriously affected by the strikes.

An opinioo poll in the newspaper Jyllands Posten indicated that 43 per cent believe the incomes policy will improve Denmark's economic prospects and 16 per cent think the prospects will deteriorate. Among members of unions affiliated with LO, the trade unioo congress, only 19 per cent think the measures will worsen the economic outlook, while 3f per cent think the measures will e beneficial.

Most of those who remained out yesterday are expected to resume normal working today, although tion in some sectors for the rest of

# Rome steps up bid to avoid poll

Continued from Page 1

no Craxi but also the political map of the country for several years. On Sunday, Sig Craxi came close to hlaming the Communist Party for the death of Prof Tarantelli, be-

cause of its role over the "demagog-

ic" referendum He said: "I am not accusing the Communists of fomenting terrorism. It would not be right and it would not he true. What I am saying is that the borders between extremism and terrorism are very fragile. Extremism and demagogery easily overflow into fanatical violence which generates explosions

terrorism fly out." Sig Ciriaco de Mita, leader of the Christian Democrats, also attacked the Communists over the referen dum when he opened the party's electoral campaign in Palermo oo Sunday.

from which the crazy splinters of

The Communists, he said, wanted to "defend what exists, in the pur-suit of wage increases and the preservation of the rigidity that per-vades the labour market. He accused the party of doing nothing for those who had no jobs and who therefore did not benefit from wage

# **Duarte claims victory** in Salvador election

BY DAVID GARDNER IN SAN SALVADOR

PRESIDENT Jose Napoleon Duarte's ruling Christian Democrats claimed a decisive victory in El Sal-vador's national assembly elections yesterday, and on early, unofficial projections looked set to secure an overall majority in the legislature, dominated for the past three years dominated for the past three years by the country's powerful far right.

The projections come from the Christian Democrats themselves and a Mexican-owned U.S. TV network. If they are accurate – as they were in the presidential elections which brought Sr Duarte to power last year – then the Christian Democrats can justly claim a clear mandate to pursue their reform

mandate to pursue their reform programme and Sr Duarte's stalled seace initiative to end the country's ive-year-old civil war with leftwing insurgents.
Christian Democrat leaders

claimed an overall majority on Sunday night and Sr Duarte himself said he expected at least 31 seats in the 60-seat assembly. The TV poll more moderate right-wing factions had been laying plans for a new party and some form of coalition with the Christian Democrats. the 60-seat assembly. The TV poll gave the ruling party 32-33 seats and the far-right coalition 22-25 seats, almost exactly reversing the balance of power in the previous

Heavy, hut still unquantified, abstention is thought to have helped the Christian Democrats, because of their traditionally more commit-

The results, if confirmed, are a crushing blow for the far right which, though badly split, had put together a tactical coalition and had expected to consolidate its informal majority in the Assembly. The right is expected to split fur-

Both projects involve ditching Major Roberto D'Auhuisson, the former army intelligence chief widely linked to the death squad murder wave which wiped out the left's urban base at the beginning of the war, and whose neo-fascist Arena Party seems to have come out particularly badly from Sımday's

Major D'Aubuisson's isolation bas been actively sought in receot months by the U.S. - which has provided successive Salvadorean gov-ernments with more than \$1.7bn

# The right is expected to split fur-ther, irrespective of the results. Even before the poll leaders of the more evenly split result.

# Franco-Soviet talks open amid new reports of Russian spying

BY DAVID HOUSEGO IN PARIS

HIGH-LEVEL economic talks between France and the Soviet Union opened in Paris yesterday under the cloud of renewed friction beween the two countries.

Le Monde published further details of Russian spying activities in the West based on leaks from the French intelligence services, and declared on its front page that France was threatening to cut purchases of Russian gas. Gaz de France, the importer of

Russian gas, confirmed that negotiations were going on with the Soviet Union to reduce the volume of deliveries and the price paid, but Gaz de France officials were puz-zled by Le Monde's claim that the French Government was prepared to "turn off the tap" if the Soviet Union did not prove more co-

In an opening statement on the Soviet side, Mr Yakov Ryabov, vice-

U.S. to hear

Japanese TV

president of the Council of Ministers, said that differences over trading issues could be successfully solved if both sides showed "political will." The strong statement over the weekend by the Soviet embassy denouncing the publication in Le Monde of confidential Russian documents suggested, bowever, considerable Russian irritation with the

In its account yesterday, Le Monde gave a description based on French intelligence sources of the workings of the VPK, the commis-sion on military industries, which places orders with the Russian secret services of priority technological data to he gathered in the West."

According to the Soviet documeots obtained by the French, the VPK assessed the savings to the Soviet Union in equipment development from industrial and military gestures

espionage at 407m roubles in 1980. This was a significant increase on the 210m roubles which KGB and GRU agents working in the west saved their country in 1976.

Of the Western technological data obtained, 61.5 per cent was U.S.-based, according to the Russian documents, 10.5 per cent came from West Germany, 8 per cent from France, 7.5 per cent from Britain

and only 3 per cent from Japan.

The documents provided the evidence on which President François Mitterrand evicted 47 Soviet diplomats two years ago. France at this week's talks in Pa

ris is attempting to persuade the Soviet Union to purchase more French capital equipment. The French believe that the Soviets have reduced their purchasing from France to "punish" President Mit-terrand for a number of "unfriendly

## Penguin acquires slice of Thomson Books

dumping case BY LIONEL BARBER IN LONDON By Nancy Dunne in Washington

THE U.S. Supreme Court agreed yesterday to hear appeals by Japaoese television manufacturers in a long-running dumping case which has become a focus of international

On the urging of the Reagan Administration, the justices have de-cided to hear arguments next term oo whether Japanese companies can be sued for conspiring to dump television, radios and other electronic equipment in the U.S. mar-

The suit adds another irritant to U.S.-Japanese trade relations at a time when the U.S. is demanding that Japan open its markets to more American goods. It was filed in December, 1970, when National Union Electric and Zenith Radio charged that Japanese companies had conspired for 20 years to drive U.S. television manufacturers out of

The suit alleges that the companies dumped electronics goods in the U.S. while selling them at home for artificially high prices to build a "war chest" to subsidise their as-

sault on the U.S. market. A U.S. District Court and the Justice Department's anti-trust division found no evidence of a conspiracy, but in 1983 the third U.S. Cir cuit Court of Appeals reversed the lower court and ordered the lawsuit to trial. An appeal was brought to the Supreme Court by six different companies - Matsushita Electric In-dustrial, Toshiba, Hitachi, Mitsubishi, Sharp and Sanyo Electric.

The Japanese Government complained to the Reagan Administrada, France, South Korea and Spain. who said it could have an adverse impact on trade relations.

has taken over a large slice of the don News, one of the oldest maga-zines in continuous publication, for book publishing business of Thomson Books, part of the Toronto-

based Thomson Organisation. The deal, announced vesterday gives Penguin several new imprints in the general publishing sector, in-cluding Michael Joseph, Hamish Hamilton and Sphere Books. The price was not disclosed.

The deal will significantly increase the scale of operations at Penguin, part of the Pearson Group, which publishes the Finan-

Sales last year of the imprints changing hands approached £25m (\$30m) - roughly a third of Penguin's turnover in 1983, the last year for which figures are avail-

The International Thomson Organisation's decision to sell reflects its stated policy of coocentrating its book publishing in professional, refereoce and educational areas.

Last year it sold its U.S. publishing operation, Van Nostrand Reinhold, to Simon & Schuster. In

The sale also includes Thomson Books' Rainbird Publishing Group,

TBD Book Service and a warehouse and distribution company. The book value of the companies within Thomson Books last December was £11.5m and they are described as profitable by Thomson which has outlets in the U.S., New Zealand and Australia.

Penguin has enjoyed a consider able revival under the stewardship of Mr Peter Mayer, its U.S.-born chief executive. After arriving from New York in 1976 he turned a 1979 loss of £242,000 into a 1983 trading profit of £9.1m.

In 1983 Penguin published 47m volume. Mr Mayer said be expected "quite respectable growth" for 1964, with Pearson's annual results due

Mr Francis Bennett, managing director of Thomson Books, is to join the main board of Penguin af-

# **UK postal strike looms**

Continued from Page 1

offices, but be warned that it would take time to take effect. The 3m letters at the sorting office would be locked up until other arrangements could be made.

The Post Office may increase pressure on the UCW by ordering members from other offices to take over the work at Mount Pleasant. If they refuse they will also face sus-

The UCW executive may also confectively without dragging in wider

parts of the network. A national overtime ban would have consider-able effect but might be less popular with the membership.

The Mail Users' Association, a semi-official consumer watchdog, backed the Post Office management and called for an immediate lifting of the monopoly on letter services.
The Post Office management ad-

vised people to carry on posting letsider selective action, although that ters, but admitted that the dispute would be difficult to sustain with ef- would have a "massive impact" on ters, but admitted that the dispute

# EEC farm prices talks resume

Continued from Page 1

Some countries, notably the UK, argued that this is a weakening of the system of thresholds on guaranteed prices that should have triggered a 5 per cent reduction after last year's bumper harvest.

Britain and France are also allied in support of the Commission's plans to push through the 1m tonne cut in dairy output, with M Michel Rocard, the French Minister, anxious to see his superlevy scheme

pean currency unit terms - call for West Germany's monetary compen-a 3.5 per cent cut in cereals prices. satory amounts (MCAs) - the crosssatory amounts (MCAs) - the cross-border taxes and subsidies that defend West German farmers from lower prices elsewhere in the Com-

A victory on this relatively insignificant point, however, will not be enough to satisfy the West German Minister's highly critical political constituencies at home.

EEC price-fixing meetings are no-torious for their hackroom tradeoffs. Herr Kiechle could win some The only area in which Herr Kiechle may have his way is in his resistance to a further reduction in prices.

### W. German offshore centres urged by bank chief

WEST GERMANY should allow tres on its territory to help boost its role in international finance, according to Dr Walter Seipp, chief executive of Commerzbank, one of the biggest German banks.

Dr Seipp said he saw no technical problems for the Germans in intro-ducing offshore facilities along the lines of those operating elsewhere, or example in Britain and the U.S. The flow of international finance through such centres in Germanyas elsewhere - could be insulate from the domestic markets and hence would not swell money supply, Dr Seipp told a press confer-

Dr Seipp's comments, his most detailed on the topic so far, come at a time of growing domestic debate on how West Germany can be made more attractive for international fi-

The Bundesbank, the central bank, has taken steps in that direction and is expected shortly to give the green light to the use of innova-tive financial instruments such as variable interest rate facilities

which it has so far resisted. Dr Seipp made clear, however, that, welcome though these moves were, the key improvement in his view would only come when offshore' centres were permitted, freed from the Bundesbank's strict

minimum reserve regulations.

The Commerzbank chief noted bluntly that despite the strength of the German banking system and the stature of the D-Mark, Frankfurt lagged far behind New York or London as a financial centre.

Euro D-Mark business was carried out in London or Luxembourg, even in South-East Asia and the caribbean, Dr Seipp pointed out — but not in the Federal Republic. In his view, West Germany had too long been sheltered from international capital transactions be-

cause of the previously understandable fear about the rise of the D-Mark as a reserve currency.

Dr Seipp said he could understand that central banks were not happy about the huge volume of offshore funds flowing through the

After 20 years of growth, how-ever, that volume could not be liqui-lop off a couple of branches in predated. He saw no point in West Germany denying itself offshore cen tres when other countries were ber efiting from similar facilities.

Replying to questions, Dr Seipp said he did oot think offshore business in Germany would undermine Luxembourg as a financial centre There was enough business avail-

# £ strength 'justified rate cut'

Continued from Page 1

will reinforce the helief in London markets that the exchange rate has become relatively much more im-portant in the determination of interest rates.

He confirmed that the Bank of England would now like to see the England would now like to see the money supply aggregates at the centre of their target ranges rather than near the top. But he said it did not follow that the bank would opnot follow that the bank would op-pose a further cut in interest rates until the money supply was clearly in the middle of its target. The authorities' response would

depend on several other factors, including the strength of sterling on the foreign exchanges. If there was no worry about the exchange rate, the money supply could be at the

top of its range.
In his review of Britain's econom ic outlook, Mr Lawson drew encouragement from what he said were signs of an overdue correction In the value of the dollar.

He was careful to avoid any direct prediction on the fortunes of the U.S. currency but commented:
"There has certainly been a different tone in exchange markets over the last few weeks." The intervention by leading cen-

tral hanks against the dollar earlier in the year had proved "well timed and well judged." Yesterday, however, the U.S. currency recovered slightly after its heavy losses of recent weeks, rising

egainst all leading currencies in

against all leading currencies in what dealers said appeared to be a "technical correction."

After falling sharply in early trading, the dollar had rebounded to DM 3.12 at the London close, up 3.75 plg from Friday.

Sterling fell 1.5 cents to \$1.2225 at the London close, but the sterling index, calculated slightly earlier, was unchanged at 77.2 and the pound was generally steady against non-dollar currencies. non-dollar currencies.

### THE LEX COLUMN

# Not quite such a tight ship

In the bad old days, like last July, it could take only a lax word from the UK Chancellor on the subject of sterling and interest rates to make sterling a one-way sell and send money rates through the roof. It now appears, with the dollar in re-treat and after nearly three months of defensively high sterling interest rates, that Mr Lawson can talk guardedly about loosening up - and get away with it.

After a fashion, that repre progress. There is an implicit ad-mission that when sterling came unstuck in January it was an indication that monetary policy had be-come too loose. The Governor of the come too loose. The Governor of the Bank of England was prepared to say yesterday that both bank lend-ing and public sector spending were growing out of hand. While there is not much evidence

that either rogue variable has been tamed since - aggressive funding may trim the money stock, but it does nothing about spending or lending - the markets could at least reassure themselves that any relaxation would be pretty strait-laced.

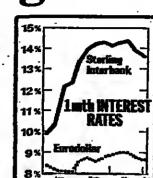
It does look rather as if the anthorities are - at long last - prepared to work with inflation and the exchange rate as their indica-tors of policy stance. Monetary measures are perhaps no more than window dressing. Just now, with a 10 per cent bounce in the pound behind us, the inflationary consequences of the winter sterling crisis have mostly been wound back

To authorities in that frame of mind the reluctance of Barclays and Midland to brings their base rates down to 13 per cent must seem a bit curmudgeonly - like the chairman of Barclays complaining yesterday about the incubus of

With the combined weight of Slough Estates Governor and Chancellor on the record yesterday, it now seems plain that Barclays – and the money market - will soon have to go the whole way down to meet NatWest's cut of

It only needs the Bank to sweeten the cost of one-month money a

Take-over Code The Take-over Code has, by com-mon consent, sprouted too many cumbersome rules in its relatively



will be welcomed by all and sundry. Rule 42, which prevented an offeror from declaring a bid final at the outset, was not merely unnecessary; it also deprived the market of price sensitive information. Its withdraw-

al is long overdue.
The case for axing Rule 37, which can prevent anyone with a signifi-cant commercial interest in the outcome of a bid from trading in the shares of either the offeror or the offeree, is less convincing. The rule is admittedly difficult to enforce and its implementation must by definition be rather arbitrary. But it does have its uses. It is open to doubt, for example, whether Whit-bread Investment Trust should he permitted to accumulate a defensive stake in Matthew Brown purely for the purpose of obstructing the present offer from Scottish & New-castle. If it is against Whithread's interest - but not the public interest - for S & N to buy a regional brewer, then perhaps Whitbread should make a bid itself or stay out of the fray altogether.

ish Midlands are as trendy as ellbottoms. So it is hardly surpris-

Despite its rather dowdy properties, Slough managed to give the market a superficially pleasant surprise with its 1984 figures, showing me-tax profits up £13.6m to £33.6m. Of this, however, the Alinatt errors.

uted about £7.5m net of financing costs. The net asset value per share. meanwhile, rose nearly 10 per cent. thanks to revaluation surpluses of

The net surplus, however, hides some write-downs in the UK and is boosted to the tune of £25m by the strength of the dollar. Vacancies, at over 10 per cent overseas and 6.4 per cent in the UK, would be fine if an upturn were on its way, but yields and rents in all but the best locations have remained depressingly static. And unless the Govern-ment makes some headway on un-employment, it is hard to envisage mainstream industrial values rising

very much. While Slough remains 90 per cent dependent on industrial properties, it will continue to be vulnerable to economic downturns. Yet the shares - up 5p yesterday to 135p -yield less than the sector at 5.2 per cent, despite their large asset dis-

Since assets may not get much help from the dollar this year, the only real way for the shares to make headway is for industrial revival to put a premium on factories, a turnround that may take as long as a reversion to flared trousers.

The latest report by Pannell Kerr Foster on the outlook for London hotels will help hotelers all:over the city sleep easy in their king-size beds. While not quite subscribing to the Ladbroke view that the hotel cy-cle is a thing of the past, the report suggests that 1985 at least should be another excellent year for the in-

With room capacity almost at a standstill and tourists still flooding into town, so it should be.

The report contains some illumi-In the fashion-conscious world of nating graphs on the relationship reperty, industrial sites in the Enbetween occupancy rates and the sterling/dollar exchange rate. The text of the report rather plays down ing that Slough Estates, with its al- the connection - London hotels do ing that Slough Estates, with its almost entirely industrial portfolio, is not live on dollar income alone rated at a 32 per cent discount to its net asset value, far worse than the average discount for the property sector of 24 per cent.

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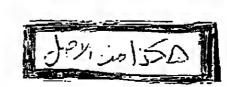
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# SECTION II - INTERNATIONAL COMPANIES

# **FINANCIAL TIMES**

Tuesday April 2 1985



# Canada to sell three state-held companies

By Bernard Simon in Toronto

CANADA Development Investment Corporation has retained three merchant banks, S. G. Warburg of London, Merrill Lynch of New York and Burns Fry of Toronto to advise it no the sale of two state-owned aircraft companies, De Havilland Aircraft of Canada and Canadair, as well as the uranium producer Eldor-ado Nuclear.

The Canadian Government said last November that it planned to privatise the three companies pres-ently controlled by CDIC. Mr Paul Marshall, CDIC president, said yesterday that a number of potential buyers have expressed interest in the companies and received confid-ential packages of information.

He said, however. "Were are not yet at the negotiation stage. We wanted to have financial advisers in place before we got to negotiating."

The Government hopes to final-ise sales of the companies by the end of this year but the negotiations raise numerous complex commercial and political issues.

Michael Donne, Aerospace Cor-respondent, adds: Both aerospace companies have passed through a difficult period financially. For the first nine months of the 1984 financial year, Canadair's sales have amounted to C\$325m (U.S.\$237m), with a net income of only CS2m, while de Havilland Canada in the same period achieved sales of C\$160m, with a net loss of C\$19.6m.

The Canadian Government is placing no overt restraints on who potential buyers might be, so that It is open to any Canadian, U.S., European or other companies to bid.

Canadair's principal project is the Challenger business jet aircraft. De Havilland is busy in the short takeoff and landing (STOL) commuter and regional aircraft field with the Seven four-engined turbo-propeller 50-seat airliner and the smaller twin-engined 36-seat profits of the major North Ameri-Dash Eight both of which are in can producers. quantity production

:=

# Commerzbank in weaker start

BY JONATHAN CARR IN FRANKFURT

COMMERZBANK, which in 1984 and sketch developments this year.

achieved group operating profit of Dresdner Bank follows tomorrow in expenditure. Dr Selpp noted that the gap between rising costs and DM 1bn (\$312.5m) for the second year in a row, has begun 1985 with a drop in interest profits and a sharp rise in commission

Dr Walter Seipp, chief executive, said the parent bank's interest margin - the difference between interest earned and paid - had failen to just below 2.50 per cent in the first two months, after an average 2.61 per cent in 1984.

As a result, profits from interest As a result, profits from interest business were down by 1 per cent, although commission earnings had jumped by 20 per cent. These com-bined earnings, less operating costs, left Commerchank with "par-tial" operating profits DM 3m down in January-February compared with one sixth of the result for the whole of 1984.

Commerchank is the first of the so-called "big three" West German banks to give full results for 1984

BY ROBERT GIBBENS IN MONTREAL

prices and profits start to recover.

the final quarter of 1984. Though Al-

Heavy imports of metal into the

U.S., mainly because of the dollar's high external value, have helped to

hring North American ingot prices down to near the 1982 low of 40

cents a pound, eating away the

present conditions."

While the results for two months cannot be taken as a sure guide for

the year, it is plain that the trend to higher interest rates generally is further cutting the interest margins of all but a few banks.

A continued fall in the U.S. dollar would give the Bundesbank more scope to relax its key interest rates, encouraging a general fall in rates and helping the banks to improve their margins. But bankers have become even more sceptical of mak-ing dollar forecasts.

Last year Commerzbank saw its interest margin fall to 2.81 per cent from 2.84 per cent in 1983, but it more than made up for this by boosting average business volume by 3.3 per cent. Total assets rose by 8.8 per cent to DM 73 step. 8.8 per cent to DM 72.8bn.

Commission earnings were up but "partial" operating profit was none the less down by 8 per cent to

earnings was growing wider again, market

and this required special attention. Overall, bowever, Commerzbank bad a strong year in the group (which includes the Luxembourg subsidiary). Its full operating profit (which includes the results of own account trading) is understood again to have been more than DM 1bn and only a little lower than the

Dr Seipp said the bank had set aside still more risk provision than in the previous year to cover possihie losses on its international lend-ing, but had felt able to reduce the provision for domestic risks.

record 1983 figure. In neither case,

bowever, are the exact sums re-

After several years of business difficulties followed by consolida-tion, Commerzbank has been able to achieve a marked improvement in its balance sheet structure. For

example, it has sharply cut its lia-bilities to other banks and has become a net lender in the interbank

But Dr Seipp revealed that the bank was none the less a long way from meeting the tougher new capirevamped Banking Law which took effect this year.

Under the new rule, total consolidated group lending must not ex-ceed 18 times a bank's capital and reserves. Dr Seipp said that Com-merzbank's ratio was more than 22 times, but he noted that banks were allowed a six-year transition period to come within the legal limit.

As announced, Commerzbank is proposing an unchanged dividend of DM 8 per DM 50 nominal shares for 1984. It will also seek approval from the annual meeting on May 15, for the issue of profit-sharing certificates ("Genuss worth up to DM 500m.

## Air Canada calls for broader equity base

BY OUR MONTREAL CORRESPONDENT

growth in domestic markets for the next two years and poor margins, will need new equipment to expand its more locrative international services, according to Mr Claude Taylor, chairman. Ha said it was becoming more and more urgent to deal with the company's narrow equity base in order to keep its

Mr David Culver, group president, said net profit for the first quarter of 1985 could be lower than the minimal \$20m or 20 cents a share earned on sales of \$1.20n in Aughinish Alumina plant in Iredebt-equity ratio in shape. Last year the airline's debt rose can was in the black in the first two

The most important favourable months, "it's difficult to predict in factor for 1985 would be a drop in about C\$230m (U.S.\$168m) to C\$1.1bn, mainly because of the dethe dollar which would immediately livery of six new Boeing 767 air-craft. The debt-equity ratio was about 72-28. The airline has for improve cash flow. Mr Culver did not rule out further cuts in operating levels in Canada and the U.S. several years been asking the fedthough our inventories are coming eral government for new sources of within an acceptable range." equity capital or conversion of gov-

In the past few months, Alcan bas reduced primary capacity by nearly 100,000 tonnes yearly, or can producers.

Alcan's European operations, nearly 10 per cent.

AIR CANADA, which expects slow da's 1984 operating margin was far growth in domestic markets for the below the level required to offset higher interest costs.

> Its return on equity remains "far short of the competitive level required to attract the necessary capital" for expansion of services and fleet renewal, he said.

Air Canada turned in a 1984 net profit of C57m compared with CS3.8m in 1983, but after special items such as investment tax credits, aircraft sales and foreign ex-change windfalls, operating reve-nues were up 9 per cent to C\$2.51bm and operating expenses up 8 per cent to C\$2.47bn.

Operating net income was C\$4.8m, against C\$28.4m. Return on erument-held debt to equity to ease investment was 7 per cent, compared with 4.9 per cent, and return on equity 5.5 per cent, compared with 6.8 per cent. its problems, but little action has Mr Taylor warned that Air Cana-

### U.S. health Heavy FCA losses provoke major groups in \$6bn group investigation merger

ca (FCA), the troubled West Coast last year was \$60.1m. TWO OF the largest private-sector bealth care groups in the U.S., Hosclation, American Savings, yester-sary to continue to rebuild the com-day reported a \$512.1m fourth quar-pany's financial foundation. He said ter loss and a \$590.5m loss for the that an "exhastive evaluation" of pital Corporation of America (HCA) and American Hospital Supply, are linking in a \$6.6bn agreed merger that will create the biggest compa-

ter loss and a \$590.5m loss for the full year.

FCA also announced the launching of an internal investigation into "the nature and nrigins" of the group's problems. The group will report its findings to the board after which FCA said the company's legal counsel and management will decide "the appropriate action to be taken."

that an "exhastive evaluation" of the company's loan and real estate portfolin began last October dictated "the setting aside of substantial reserves."

Lossers for both the quarter and the full year were slightly offset by a \$12.1m extraordinary gain. The fourth quarter loss, equivalent to \$14.23 a share, compared with net carnings of \$56.3m or \$1.11 a share ny of its kind in the country. The deal follows a period of intensifving pressures on the health care industry, due to efforts to reduce costs in the government-supported Medicaire programme, and in pri-vate corporate health insurance

Mr Karl Bays, chairman nf Amer-ican Hospital and chairman-desig-The full year lnss, which dramatically reduces the group's equity capital, is the second largest ever recorded by a U.S. financial institution. The group's total capital funds fell to \$271.5m at year end from \$15.53 a share, was against net earnings of \$172.5m or \$4.57 a share in 1983 on revenues which grew to nate of the new combined company, said the deal was designed to re-spond to this changed health care environment. "Our new company will be able to deliver more cost-effective health care to the benefit of hospitals and patients." The exchange rate in the merger

posit outflow.

bas been set at one share of Ameri-\$20.43 a share at the end of 1983. can's stock for three-quarters of a share of the combined company. HCA shareholders will receive nne month from the group - warnings share in the combined group for each share they currently bold. vestors in order to reduce a new de-

On completion there will be about 145m issued shares outstanding. The new group will have combined assets of \$7bn and revenues of \$7.6bu. Last year HCA earned \$296.8m on sales of \$4.18bn, while American had net income of \$237.8m, on sales of \$3.45bn.

In a joint statement the two companies indicated that they did not believe there would be any opposition to the merger from the anti-trust authorities, but the deal would be examined as a matter of course by the Justice Department or the Federal Trade Commission. Shares in both companies

suspended on the New York Stock Exchange yesterday, where American had closed at \$37 a share on Friday, and HCA at \$46.50. Wall Street believes the agreement could prompt a series of simi-

lar amalgamations

FINANCIAL Corporation of Ameri- nther operations for the company financial group which owns the na Mr Popejoy said: "We view these tion's largest savings and loan asso- as stringent measures, but neces-

earnings of \$56.3m or \$1.11 a share

Sihn a year earlier while share in 1983 on revenues which grew to

or \$4.53 a share from \$925m nr \$20.43 a share from \$1983. Mr Popejoy added: "Although we \$20.43 a share at the end of 1983. The full-year loss had been exreale state portfolio that result from
pected, following warnings last previous business practices, the vast majority of the association's which forced the group to temporar- loans are sound and actions are beily raise its deposit rates paid to ining taken to address any problems. "It is also important to realise that American Savings is a secured

and chief executive of FCA said the real estate, right here in the U.S."

loss for the year was primarily FCA added that although the loss for the year was primarily FCA added that although the caused by an additional \$421.5m company's net worth has been seprovision for losses on loans and verely affected by the 1984 loss, "it property together with a \$42m pro-vising for accounting adjustments in 1985 to increase the company's and a \$38.2m increase in the re-serve for losses an accrued interest. placed Mr Charles Knapp as FCA In additing, be said a further chairman last year, added that, \$28.6m in losses resulted from the "1985 will be a year of reassess write-down of physical assets and ment, restructuring and rebuildother contingencies. The loss from ing."

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Mr William Popejoy, chairman lender. Our loans are backed by

### THE ARAB BANKERS ASSOCIATION

Alcan warns of decline

ALCAN Aluminium of Canada sees however, have swung back to prof-the world aluminium market im-its, due to the high dollar, and its proving, but it could be mid-year be-Canadian smelting costs have also

fore any real impact is felt on ingot declined because of the lower Cana-

in first quarter profit

announces a Major International Banking Conference

various countries have focused attention on the importance of adequate and timely banking supervision and control. The Arab Bankers Association, in accordance with its expanded programme of service to its members and to the international banking community, is pleased to have arranged a two-day conference on this vital and important topic which will be held in London on May 7th and 8th, 1985. The conference is being arranged with the advice and assistance of central bankers in Europe and the Middle East.

### **BANKING CONTROL & SUPERVISI** Thesday, May 7th and Wednesday, May 8th 1985 at the Royal Garden Hotel, London The language of the Conference will be English The international debt crisis and the recent difficulties experienced by a number of financial institutions in The keynote speech will be delivered by The Governor of the Bank of England, Mr Robin Leigh-Pemberton. utchison Whampoa is one of Hong Kong's oldest and largest trading companies with major profit centres in property, China trade, shipping-related businesses,

Chaference Chairmen (names in alphabetical order) Mr Abdul Matik Al Hamer Governor, UAE Central Bank, Abu Dhabi

Mr Martin W Jacomb Vice Chairman, Kleinwort Benson, London Mr Abdulla H Saif Governor, Bahrain Monetary Agency

Mr Walter Van Gerven President, Commission Bancaire, Brussels Speakers (names of speakers in alphabetical order)

Mr Abdul Wakab Al Tammar Governor, Central Bank of Kuwait Mr Akmed Found Amin Chairman, Islamic International Bank for Investment and Development, Cairo

Mr W Peter Cooke Associate Director, Bank of England Mr Fred R Dahi Associate Director, Board of Governors of the Federal Reserve

System, Washington DC Mr Andrew Dobson Executive Director, Citicorp International Bank, London

Mr Abdul Aziz Hegazi Chairman, Bank of Commerce and Development, Cairo Mr Antoine N Mattar Executive Director, Arab Society of Certified

Accountants, London Mr Bernhard Muller Director, Swiss Federal Banking Commission, Berne

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Conference Administrators: Graham & Troiman Ltd, Conference Dept, Sterling House, 66 Wilton Road, London SWIV IDE

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Please register the following delegates for this Conference: (Type or capitals please) Name of 1st delegate

Organisation

Address

Executive Director, De Nederlandsche Bank NV, Amsterdam Mr Walid Naja Chairman, Banking Control Commission, Central Bank

Mr David R W Potter Managing Director, Samuel Montagu & Co, London Mr John E Rule Senior Partner, Arthur Andersen & Co, London

Mr Abdal Moneim Rushdi Chairman, National Bank of Egypt, Cairo General Manager, Société Financière Du Liban SAL, Beirut Mr Manfred Schneider

Vice President, Bundesaufsichtsamt für das Kreditwesen, Berlin Mr H Joseph Selby Senior Deputy Comptroller for Bank Supervision, Office of the Comptroller of the Currency, Washington DC

Additional Panel Members

Mr Ibrahim Dabdonb Chief General Manager, National Bank of Kuwait SAK, Kuwait Mr Peter De Roos Executive Director, Saudi International Bank, London Mr Hikmat Nachoshibi Chief Executive, Al-Mal Group, London

Mr Antoine Zananiri Managing Director, Al Baraka Investment Company, London

Name of 2nd delegate (If applicable) Title Name of 3rd delegate

£399 + £58.59 (VAT) per delegate = £448.50. For members of the Arab Bankers Association £350 + £52.50 (VAT) per delegate = £402.50. The fee includes Conference admission, docurefreshments, and lunch on both days.

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l enclose a cheque for £ for Delegate(s) at prices listed above. Please make cheque payable to Arab Bankers
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engineering, consumer products, retailing, quarrying and

energy supply and technology.

The signing of the Sino-British Agreement has given Hong Kong a clearer sense of direction and the business community is regaining its confidence.

The strength and resources of the Hutchison group continued to develop steadily throughout this difficult period, 1984 ended with the group stronger and better structured than it has ever been, with net shareholders' funds at HK\$5,078 million, negligible borrowings and good cash reserves - an attractive

position in an economy poised for recovery. The group's consolidated net profit after tax for the year ended December 31, 1984, was HK\$1,023 million, compared with HK\$1,167 million in 1983, a reduction of 12 per cent. Earnings per share were HK\$1.81, compared with HK\$2.54 in 1983. Extraordinary income of HK\$269 million arose mainly

from the sale of shares in HK-TVB Ltd. The directors recommend a final dividend of 56 cents per share. This, together with the interim dividend of 28 cents paid. on October 15, 1984, gives a total dividend of 84 cents per share for the year - a 48 per cent increase in the total dividend paid in respect of 1983, having taken into account the 76.13 million new shares issued during 1984 as a result of warrant

conversions and elections for scrip dividend. In general, 1984 was a satisfactory year for Hutchison, with most parts of the group performing well.

While the depressed conditions in the property market continued until the latter part of 1984, there are now signs of an improvement in demand in the residential sector. The first phase of the group's major residential and commercial development in Hunghom, Kowloon, will be on the market early this month.

Today almost 45 per cent of Hong Kong's container throughput utilises our container terminal operation. Hongkong International Terminals, However, continued improvement and expansion of facilities will be vital if Hong Kong is to maintain its competitiveness and we are actively considering ways in which we can further upgrade our own operations.

The profits from our trading and retail operations have shown a solid increase over 1983 in a fiercely competitive market. This has been largely due to good knowledge of the Hong Kong market and a sales and distribution capability second to none in Hong Kong today. New developments include our 51 per cent owned mabile radio telephane joint venture, which will come on stream during the second quarter of 1985 and should provide sound recurrent earnings in the future.

The acquisition for HK\$2,930 million in February 1985 of the 34 per cent shareholding in Hongkong Electric Holdings, the earlier decision to invest HK\$4,000 million nn the Hunghom development, combined with the growth of existing businesses, underline that the Hutchison group is firmly committed to playing an active role in building a stable and prosperous Hong

Our trading and container terminal businesses in particular have good potential for development.

China offers increasingly interesting apportunities now that it is committed to a role of growing importance in international trade. Hong Kong and Hutchison China Trade have a major part to play in this. Li Ka-shing

April 1, 1985

Hutchison Wham	
1984 Group	Results ·
1984	
HKSM	
Profit	
Trading profit 1,208	
:Exchange gain 54	233
Share of profits less	
losses of associates " 49	48
1,311	
Taxation	<u> 151</u>
1,113	1,248
Minority interests 90	81
1,023	
Extraordinary items . 269	
1,292	
Earnings, per share HK\$1.81 Ordinary Dividends	поэт. Э4
per share	-
	cents 21 cents
	cents 42 cents
	cents 63 cents
요하다 (14일) 하는 1 <del>- 22</del>	CELLIS 05 CELLIS
·安子等。 秦京首 (10 元) 中国 电路	

# Dealings in Syme halted by Bell Group injunction

porarily halted yesterday when for the 16.4 per cent of Syme it does not already own. The should be resolved in court that restrains trading in Syme shares until 4 pm today.

Initial A356 (U.S.\$4.20) a share for the 16.4 per cent of Syme it does not already own. The should be resolved in court was held by a Melbourne rival, Herald and Weekly Times Stock Exchange committee.

THE BIZARRE struggle for a key stake in David Syme, the publisher of The Age news. Paper of Melbourne, was temporarily halted yesterday when porarily halted yesterday when the life of the 164 per cent of Syme it. Bell Group's lawyers argued

that restrains trading in Syme shares until 4 pm today.

The move indicates that Mr Herald and Weekly Times

Herald and Weekly Times

Stock Exchange committee.

Fairfax recently bought The Spectator magazine in Britain.

Last Friday, 20 minutes

Spectator magazine in Britain.

Though habitually secretive about its plans, Fairfax has on the floor of the Melbouroe also been tipped as a possible Stock Exchange at A\$10.20 each.

This announcement complies with the requirements of the Council of The Stock Exchange.

It does not constitute an offer of, or invitation to the public to subscribe for ar to purchase, any securities

COMMONWEALTH BANK OF AUSTRALIA A Statutory Corporation of the Commonwealth of Australia

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The following have agreed to subscribe or procure subscribers for the Notes:

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Morgan Grenfell & Co. Limited Nomura International Limited Orion Royal Bank Limited Salomon Brothers International Limited Union Bank of Switzerland (Securities) Limited S. G. Warburg & Co. Ltd.

Application has been made for the Notes, in bearer form in the denomination of £1,000 each, constituting the above issue to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary global Note. Interest will be payable annually in arrears on 4th April, the first payment being made on 4th April, 1986.

Listing Particulars of the Notes, tha Commonwealth Bank of Australia and the Commonwealth of Australia are available in the statistical services of Extel Statistical Services Limited. Copies of these particulars may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) from the Company Announcements Office of the Quotations Department of The Stock Exchange, Throgmorton Street, London EC2P 2BT, up to and including 4th April, 1985 or during usual business hours on any weekday (Saturdays and public holidays excepted) at the addresses shown below up to and including 16th April, 1985:—

Hambros Bank Limited,

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### Further bid for survival by Banco **Filipino**

BANCO FILIPINO, the Philippines' largest savings bank, has asked the courts to overturn a central hank decisien last week that it be pleced in liquidation. The move follows BF's nsuccessful attempt in January

to persnade the courts to set aside an earlier central bank order putting it under the receivership of the state-owned Philippine National Bank.

It attacked the latest central bank move as a "gave abuse of discretion," and sought a court erder to require the central bank to hand over reports on the BF books which were alleged to have justified both the receivership and liquidation

Mr Orlando Samson, the com pany secretary, said that at the end of 1984 the banks hross em of 1994 the banks moss assets stood at some 6bn pesos (\$325m) compared with liabilities of 4.4bn pesos. All subsequent records had been handed to the central bank, he said, "but the situation as ef December could not have changed drastically."

The central bank sad last week that BF showed negative net assets of 1.25hn pesos for January, and that it could not resume business with safety to depositors and other

### Downturn for Esso Malaysia

By Wong Sulong in Kuala Lumpu ESSO MALAYSIA has reported a 16 per cent drop in net profits to 58.6m ringgit (\$23.4m) for 1984 and is cutting its divident. Turoover fell by 3 per cent to 1.4bn ringgit.

The final dividend is 20 cents per share, making 30 cents for -year, compared 40 cents.

The company, which is a 65 per cent subsidiary of Esso Eastern of the U.S., attributed the lower profits to a decline in petroleum product prices, which reduced margins. Lower sales of fuel oil to the national electricity board also had an adverse effect.

# Cheung Kong profits sharply lower

CHEUNG KONG (Holdings), the Hutchison Whampoa, the Heng Kong property group controlled hy Mr Li Kasining, yesterday reported sharply reduced profits for 1984. The fall in earnings, expected by most market analysts, was a reflection of the slow pace of recovery in Hong Kong's property market, and of provisions intended to wash the company's hands of problems hung over from recessien in the territory in 1982 and aloft property market and the territory in 1982 and after-tax profit of HKS 213.5m (U.S.S 27.4m), compared with HKS 409m in 1983, before extraording ling China Cement Company.

The Company reported an after-tax profit of HKS 213.5m (U.S.S 27.4m), compared with the HKS 409m in 1983, before extraording ling China Cement Company.

Hong China Cement Company.

Hutchison Whampoa, the trading property and shipping trading, property and shipping trading profits on trading, property and shipping aroung effectively controlled by trading, property and shipping aroung effectively controlled by trading, property and shipping trading, property and shipping aroung effectively controlled by trading, property and shipping aroung effectively controlled by trading, property and shipping aroung effectively controlled by the trading, property and shipping aroung effectively controlled by trading, property and shipping aroung effectively controlled by the trading, property and shipping aroung effectively controlled by the trading, property and shipping aroung effectively controlled by the trading, property and shipping aroung effectively controlled by the trading, property and shipping aroung effectively controlled by the trading, property said and should be expected, he said, and should be expected, he said, and light of the said, and light of the said and ICH were no feren Island and ICH were no lenger making losses. He said and light of HKS 102.5m in the residential and industrial property investments amounting losses list year—the group's interest of HKS 213.5m in the residential and industrial profit growth he legis to th

There was a similar aensation surrounding the mysterious suicide in April last year of Mr

John Wimbush, a former senlor partner in Deacons. Mr Wim-hush was due to be questioned

hy police in connection with the

Carrian case on the day after

If Mr Tan and his four

associates are committed for

trial, proceedings are likely to

begin in the autumn. It is possible that by then the Hong

he died

# Tan awaits court ruling on Carrian charges

of Carrian Investments, and four associates, ended yesterday after six months before a Hong Kong magistrates' court. Mr Brian Suttill, the magistrate hearing the case, will rule on Tuesday next week whether the five men should be cimmitted to full trial.

The collapse of Carrian, the property and shipping group, has been one of the most con-Malaysian government.

Mr Tan was charged in May last year with conspiracy to major embarrassment to the was evel defraud shareholders in Carrian, Malaysian Government. Bumi-murder.

COMMITTAL proceeding against Mr George Tan, the former head of Carrian Investments, and four associates, ended yesterday after six months before a Hong the accountancy firm, and and had dehts of the country of the country of the country's biggest hank, Bank Bumiputra, was Carrian's main creditor and had dehts of the accountance firm, and the country of the country of the country's biggest hank, Bumiputra, was Carrian's main creditor and had dehts of the country of the country of the country of the country's biggest hank, Bumiputra, was Carrian's main creditor and had dehts of the country of the coun the accountancy firm, and another Price Waterhouse another Price Waterhouse employee, Mr Anthony Lo. Separate charges of conspiracy to defraud are faced by Mr Richard Wallis, a solicitor in Deacons, one of Rong Kong's leading legal firms, and the two former Carrian executives.

Committal procedings against troversial events in Hong Kong's the five men began controversorate history. When it was put into liquidation in October 1983, it had debts estimated at HK\$10bn (U.S.\$1.3bn). The collapse has been linked with murder, a stuicide, and a scandal at the highest level of the Malaysian government.

Committal processings against to rescue the bank with a cash injection of 2.5bn ringgits (U.S.\$1bn). In Hong Kong, there was close public interest last year in the trial of Mr Mak Foon Than on charges of murdering mr leavation of this ruling, though the highest level of the magistrate ruling that the highest level of the magistrate ruling that the highest level of the magistrate ruling that the highest level of the relaxation of this ruling, though the highest level of the magistrate ruling that the hearings would be held in the trial of Mr Mak Foon Than on charges of murdering mr Jaili Ibrahim, a aenior enferced throughout. the five men began controver-sially in October last year with the magistrate ruling that the (U.S.\$1hn).
hearings would be held in In Hong Kong, there was camera. Protests from international and local media led to a in the trial of Mr Mak Foon enferced throughout.

The collapse of Carrian was a

about HK\$Sbn outstanding when it went into liquidation. Scandals arising out of in-quiries into how the loans were

made heve led to sackinga and a wholesale re-organisation of Bank Bumiputra. Petronas Malaysia's national oil company. was called upon in September to rescue the bank with a cash

executive in BMF with special responsibility for loans. Mr Mak was eventually found guilty of

possinie that by then the Hong Kong Government will have forced through controversial new legislation to hear complex commercial trials before judges sitting with two specialist "assessors" rather than before normal trials. normal juries. COPPER LAKE FINANCE N.V. NOTICE TO DEPENTURE HOLDERS

USS20.000.000 PLA CONVERTIBLE REDEEMABLE DEBENTURES DUE 1993 Copper Lake Finance N V hereby notifies all of its Debentureholders that an informal meeting shall on convened on April 12, 1985, at 2,30 om, to be held at hotel De Crillon. Place de la Conscrée in Paris.

An imposte of the company's development will be presented along with an oner to its Debentureholders with respect to Amending the conversion price of the debentureholders hall accept receiving 100 per cent of the value of the 1985 coupon in shares at USS1 85 per share in tev of cash payment.

For further information clease constant. For further information offers contact.
COPPER LAKE FINANCE N.V.
CO Copper Lake Explorationa Limited,
1201-789 West Pender St.
Vancouver, British Columbia,
Tel: (604) 683-5747.
COPPER LAKE FINANCE N.V.
CO Euro Canadian Securities
International,
20 Avenue de Rumine,
1005 Lausance, Switzerland,
Tel: (021) 20-36-54/55.

# Small fall in earnings at Bahraini bank

third ranking among Bahrain'e cline in the value of investsix locally incorporated domes- ments. tic banks, has reported a profit of BD 2.34m (\$6.2m) for 1984, stands at BD 1.8m on a total

AL-AHLI Commercial Bank, the with BD 186,000 against a de-

its fifth year of operation.

Although net interest income showed an increase of 18 per cent, earnings were 2.25 per cent, earnings were 2.25 per cent down to BD 2.34m. This was due to higher provisions of the loans are off shore, and two-thirds of the total are trade releted. Investments, was due to higher provisions to the loans are off shore, and two-thirds of the total are trade releted. Investments, was due to higher provisions of BD 300,000 compared with BD 300,000 compared with BD 300,000 the previous year—and of BD 280,000 compared other banks.

The balance sheet showed all-round growth. Assets, excluding contingency accounts, rose hy
15.8 per cent to BD 138m, net
lending by 20 per cent to
BD 99m, and deposits by 16.7
per cent to BD 132m.

Letter of credit and guarantee business increased substantially. from BD 38.8m to BD 58.5m, hoosting fee income by 80 per cent to BD 608,000, but the return on average assets deteriorated from 1.87 per cent to 1.57 per cent.

All of these Securities have been sold. This announcement appears as a matter of record only.

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WERTHEIM & CO., INC.

March 22, 1985

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Union Bank of Switzerland



NOTICE OF PREPAYMENT The Bank of Tokyo, Ltd. U.S. \$50,000,000 Callable Negotiable Floating Rate

Dollar Certificates of Deposit due 30th June, 1986 (Series RQ) In accordance with the provisions of the Certificates, notice is hereby given that The Bank of Tokyo, Ltd. ("The Bank") will prepay the principal amount on the next Interest Payment Date, 28th June, 1985, together with the interest accrued to

Payment will be made against presentation end surrender of the Certificates at the Bank'a London Office at 20/24 Moorgate, London EC2R 6DH. 2nd April, 1985.

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Notice is hereby given that the Rate of Interest for the initial interest period has been fixed at 91% per annum and that the interest payable on the relevant interest Payment Date October 2. 1985 against Coupon No. 3 in respect of US\$10,000 nominal of the Notes will be US\$489.27.

April 2, 1985 Landon By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANCO

# INTL. COMPANIES & FINANCE

# French hotel chain sees growth:

ACCOR, the fast expanding star hotels in France while per cent increase in turnover to moving up market in the FFr 11.5bn. The group has set and restaurant group is expecting a 21 per cent boost in profits to at least FFr 170m (\$18m) for 1985.

Accor includes the Novotel, Sofitel and Ibis hotel chains as well as pizzeria and fast food restaurants in the U.S. and Europe. The group is now one of the world leaders in numbers of the world leaders in numbers of hotel rooms and is spread

restaurant business with the purchase of a 44 per cent stake in Lenotre, the French-based catering and confectionery

group.

M Gerard Pelisson, the from its botel interests. Among new projects consideration is a furtification than the four of financial results as "modest" pansion in the tour of field. The group is consideration is consideration in the four of field. beside those of U.S. and British competitors. But he said that there was a substantial reserve of profit to be tapped. there was a substantial reserve of profit to be tapped.

It bas recently diversified into building a new series of one the basis of an expected 18 for 1984 net profits totalled FFr 9.86bn.

itself targets of raising profits by 12 per cent a year in real terms over the next five years. Half of group turnover is earned abroad and half derives

Among new projects under consideration is a further ex-

# **Perrier lifts**

By Our Euromarkets Staff

water group, reports steady profits progress for the year ended September, 1984 after two years of very rapid advance. Net profits for last year rose by 11 per cent to FFr 196.6m (\$21m). In the previous year, Perrier turned in profits growth of almost 50 per cent to outdistance the 39 per cent gains of 1981-82.

Perrier claims to something like half the world mineral water market. Last autumn it made a FFr 363m bid for rival French group, Sel-

fully keeps to a policy of never disclosing sales figures, raise funds last year through the London stock market. It placed a number of shares, said to be close to 7 per cent of group capital, with London institutions for a total of £22m (\$27m).

### Snecma beats forecast with return to black

SNECMA, the French state owned aircraft engine company, reports better than expected earnings for 1984 of FFr 40m (\$4.3m) compared with a loss of FFr 38.5m the year before.

The company, which makes engines for French Mirage jet fighters and for Airbus, had forecast a small loss for 1984. Specma sales rose 24 per cent to FFr 8.2bn with exports accounting for 66.5 per cent of the total compared with 64.5 per cent in 1983.

For its part, Aerospatiale, the state-owned aerospace com-pany, expects to report another oss in 1984 although lower than the FFr 357.5m deficit reported in 1983. The loss in 1983 was the company's first deficit since 1978 and followed a FFr 96.2m net profit in 1982.

The aerospace group, which expects to balance its accounts this year, saw a recovery in new wbicb FFr 20.15bn compared with FFr 12.9bn in new orders in 1983 and FFr 15.7bn in 1982.

The recovery in new orders fell short of the group target of about FFr 25bu, however orders in the civil aircraft writes our Financial Staff.

Cow and Cate of the Oct 1984

FI 38.3m.

Gross capital spending during the year dipped to FI 31.6m

writes our Financial Staff.

from the FI 38.3m of 1983. division were disappointing at Turnover improved by 5 per The company acquired Cow and FFr 5.9bn. New helicopter cent to FI 600m (\$172m) and Gate from the Unigate group bookings were sharply higher, net profits rose to FI 26.1m in 1981.

**63.1** 

ak

## **Improvement for Hero as** foreign losses subside

BY JOHN WICKS IN ZURICH

HERO, the Swiss fooda group best known for its jams, reports strongly increased profits for 1984 following loss elimination in Italy and the Netherlands.

Group sales were little

changed, just 1½ per cent higher at SwFr 424m. But trading margins improved strongly, largely as a result of loss recovery. The company plans to split foreign interests.

Its bearer shares of SwFr 600

Rusiness in the first three months of 1985 had been up to

the issue of new bearer shares at par.

The company, which recently announced plans to deter unfriendly takeovers, says net profits rose to SwFr 10.8m (\$4.2m) last year, an increase of almost 70 per cent.

day, Hero said it had not been abie to determine that any such purchase had taken place. Nor was it known whether any buy-ing of Hero sales on the stock market had been on behalf of

nominal value into two registered shares of SwFr 100 each and one bearer share of 5wFr 400 face value. It also proposes to raise SwFr 5m by

Business in the first three months of 1985 had been up to expectations. While Dutch bostness had been "less good," the Swiss activities were running weil.

### Nutricia steps up payout

and foods group which owns Cow and Gate of the UK.

NUTRICIA, the Dutcb dairy from F1 22.3m, thanks partly to a lower tax charge. Pre-tax profits were Fl 41.7m, against

KBB stages sharp recovery in earnings

KBB, the Dutch retailing group, continued its dramatic recovery ast year with a Fl 34.5m (\$10m) profit compared with Fl 700,000 the previous year.

Concentration on core activi ties, financial restructuring and cost control have sharply reversed losses in 1981 and 1982. Despite KBB's sale of its Perry sports chain and Mobell home furnishing showrooms last year, the company said it managed to retain its share of the Dutch

Sales edged up 1 per cent to F1 3.54bn. Maxway, the U.S. housebold-goods chain of stores, posted satisfactory sales. KBB had at one time considered selling Maxway as part of its slimming-down operations.

KBB says earnings will congoing restructuring measures and other commercial efforts.

### profits by 11% to FFr 197m

PERRIER, the French mineral water group, reports steady

lier which markets mineral water under the Volvic label. The company, which faith-



# **New General Extension Rate**

p.a. TAX-FREE

From Monday 1 April the General Extension Rate offered on many matured Issues of National Savings Certificates is increased to 9.51% p.a., tax-free, until further notice. The General Extension Rate applies to Certificates of the 7th to 14th, 16th, 18th and 19th Issues after they have completed

their fixed-period terms.

Issued by the Department for National Savings.

Argentine investors, with Siemens AG as a minority participant, have acquired substantially all of the outstanding stock of Compañía Standard Electric Argentina S.A.I.C., an indirect subsidiary of ITT Corporation.

We acted as financial advisor to Siemens AG and assisted in the negotiations.

Morgan Guaranty Trust Company of New York

Compañía Naviera Perez Companc S.A.C.F.I.M.F.A., Buenos Aires, through its subsidiary, Inversora Patagonica s.s., has acquired an interest in Cementos San Martín s.A., an affiliate of Lone Star Industries, Inc.

We initiated this transaction and acted as financial advisor to Compañía Naviera Perez Companc S.A.C.F.I.M.F.A.

Morgan Guaranty Trust Company of New York

N. V. Philips Gloeilampenfabrieken has sold its welding activities in the Netherlands, France, Great Britain, Sweden, and Spain to ESAB AB.

We initiated this transaction and acted as financial advisor to N. V. Philips Gloeilampenfabrieken.

Morgan Guaranty Trust Company of New York

# Slough soars to a record £34.7m

Furthermore Mr Nigel Mobbs, the chairman, tells shareholders that despite recent increases in interest rates "there are still strong signs of continued business considence which will be converted into demand for good property to house new production methods and technology."

He says the group has the capacity and the land in the right locations to accommodate these businesses and adds that following the £40m debenture issue last year it also has the financial strength to meet this improving demand for the future.

SLOUGH ESTATES, the fourth largest property company in Britain and the higgest specialising in industrial property, raised its profits before tax from \$20.19m to a record £34.69m in 1984.

Furthermore Mr Nigel Mobbs, the shareholders talk shareholders a rise of 29 per cent in retail prices.

Group turnover, rental income and sales for 1984 advanced from f80.23m to 298.82m and generated 2 gross profit of 257.98m, com-

able profits moved shead from £14.24m to £24.51m. The effective tax charge of 24 per cent com-pared with 1983's 28 per cent.

ness confidence which will be converted into demand for good property to house new production methods and technology."

He says the group has the capacity and the land in the right locations to accommodate these businesses and adds that following the £40m debenture issue last year it also has the financial strength to meet this improving demand for the future.

In all, the idrectors look formand to 1985 with confidence for another year of growth in profits."

Mr Mobbs says the highlights of 1984 included the acquisition and integration of the Allpatt income from £12.42m to £16.53m. Pre-tax profits were struck after deducting edministration expenses of £4.68m (£3.4m) and next interest payable of £19.33m lopment of, new land holdings in the UK and overseas.

£723.000 (£507.000) sbare of associates' profits and a 12 months' contribution from Allnatt London Properties.

Free fax profits were struck after deducting edministration expenses of £4.68m (£3.4m) and next interest payable of £19.33m in the UK and overseas.

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Free fax profits were struck after deducting edministration expenses of £4.68m (£3.4m) and next interest payable of £19.33m in the UK and overseas.

£723.000 (£507.000) sbare of associates' profits and a 12 months' contribution from Allnatt London Properties.

Free fax profits were struck after deducting edministration expenses of £4.68m (£3.4m) and integration of the Allpatt income from £12.42m to £16.53m. Group, the expansion of the expension of the acquisition and integration of the Allpatt income from £12.42m to £16.53m. Group, the expansion of the acquisition and the expenses of £4.68m (£3.4m) and integration of the Allpatt income from £12.42m to £16.53m. Group, the expansion of the Allpatt income from £12.42m to £16.53m. Group, the expansion of the Allpatt income from £12.42m to £16.53m. Group, the expansion of the Allpatt income from £12.42m to £16.53m. Group, the expansion of the Allpa

construction of the 122,000 sq ft office building in Markham, Toronto, and the construction of 280,000 sq ft of high tech space in the U.S. and the purchase of the group's first development site in South-East Florida. The group made strong progress over the first six months of 1984, lifting its pre-tax profits for the period by some £6m to £15.1m, including contributions from Alipatt and the Guildhall Property Co. Mr Mobbs was confident about the full year The gross book value of group results

The gross book value of group investment properties and associates as at December 31, taking into account the valuation, sub-sequent additions at cost and exchange rate movements, amounted to £731m. After allowanother to 2/31th. After anowing for the equisition of the Allnatt properties, surpluses of £16m were registered in the UK and £30.5m overseas, including e "favourable" balance of £26m currency translation.

Net equity assets per share et end-December amounted to 208p (189p) or 198p (179p) diluted. The net worth of the groop exceeded £500m for the first

# Consolidation to follow Rotaflex 68% rise

losses from associate companies, Rotaflex lifted pre-tax profits by nearly 68 per cent in 1984, and the directors consider that the group has "never been better pleased to face the future, but say that the current year will be one of consolidation. of consolidation.

The result was £2.7m against The result was £2.7m against £1.65m, and included an associates' deficit nearly £500,000 higher at £626,00. There was a slight improvement in the associates' performance towards the end of the year, after a "very slow start," say the directors.

Also revealed with the pre-liminary statement was a below-the-line debit of £285,000 as an

edjustment in respect of 1983. The final dividend is increased hy lp to 3.3p per share for a total of 4.5p (3.2p), with earnings per share stated at 16.8p (11p net end 8.4p after prior year

said states at 10.00 (110 net and 3.4p after prior year adjustment).

Turnover of the group—it manufactures electric light fittings and systems — moved ahead from £30.54m to £41.43m. Lighting and Linolite made progress and Belco operated as well acquired Le Dauphin in France and Falks Electrical (SA) Proprietary in South Africa, and the directors cite the time and panies showed an improvement market."

The directors cite the time and cost of restructuring these as examples of the imponderables the group faces. They have every confidence, however, that these and other new investments will contribute position.

off investment at £110,000 (£35,000). Investment income added £105,000 (£48,000).

The tax charge was £801,000 (£305,000), and there were extraordinary debits of £132,000 (£76,000), with a debit of £285,000 last time as a prior year adjustment. Minorties accounted for £20,000 (£71) £29,000 (nii).

the group faces. They have every cord Lighting in Australia probasis as in the past.

There is an interim dividend during "outstanding results."

There is an interim dividend this time of 0.4p net. Last year, contribute positively in due subsidiary, returned to profit a single payment equivalent to before interest came out at course.

Limitatice in Holland and Contribute with a steady at 0.68p.

There is an interim dividend this time of 0.4p net. Last year, factorial to before interest came out at course.

The current year must be viewed, they say, as one of consolidation "following the huge growth and profitability" of the pat two years, and the financial impact of acquisitions. But they will continue their efforts to improve profitability and of promote growth by investing in traditional and in new, complementary businesses.

Operating profit came out at \$4.23m after operating expenses of £13.52m (£10.28m) but bfeore interest payable at £844,000 (£303,000) and amounts written off investment at £110,000 (£303,000) and amounts written off investment income.

Description marketing and distribution in the achieve ing Coorcord products in Belgium as well as its own products.

The group has formed a joint a sbarp reduction in the amount of associate losses this year with but fore optics with the intention of associate losses this year with the common at least two of the three UK but for optics with the intention of associate losses this year with the common at least two of the three UK but for optics with the intention of associate losses this year with the common at least two of the three UK but fore optics with the intention of associate losses this year with the common at least two of the three UK but fore optics with the intention of associate losses this year with the common at least two of the three UK but fore optics with the intention of associate losses this year with the common at least two of the three UK but fore optics with the intention of associate losses this year with the common at least two of the three UK but fore optics with the intention of associate losses this year with the common at least two of the three UK but for optics with the intention of associate losses this year with the common at least two of the three UK but fore optics and residential markets.

In this operation TBL will provide the technology and the supply of fibre optics, and Rotation in the amount of associate losses this year with the common at least two of the three UK but for optics and at least two of the three UK but fore So far it looks so good, but investors should watch out for the current year. Two of Rotafier's important UK manufacturing plants are moving to new premises end the disruption will meet the 1985 performance. will upset the 1985 performance. not there a year ago) wins few But the main domestic opera-ewards for presentation.

### Town Centre improvement

Town Centre Securities, pro- profits.

# perty investment company, raised pre-tax profits from fim to fl.1m in the half year to December 31 1984 and Mr Arnold Ziff, chairman, anticipetes that growth will continue on a steady hasic as in the past. After tax of £496,000 (£502,000) and minorities, first-half attributable profits were ahead from £498,000 to £601,000. Earnings per 25p ghare are stated 0.11p higher at 0.66p.

for 1985, a prespective multiple of 13 assuming a 38 per cent tax rate.

### Queens Moat calls for **Spirax** Sarco £25m to cut borrowings rises to over £14m

Queens Most Houses, the hotel and restaurant group, is asking shareholders to belp cut its bank borrowings with a £25m one-for-seven rights issue of convertible preference shares.

The company also yesterday announced a 47 per cent increase in pre-tax profits for 1984 of £6.58m and said that forward bookings indicated that 1985 would be an excellent year.

Mr John Bairstow, the chairman, said that the group was raising long-term funds from shareholders to refinance its recent investments, including £27m spent on 10 hotel scoulsitions since the last rights issue in May 1983.

Queens Moat did not want te be at the mercy of volatile interest rates, and the rights issue would provide a stable pletform for further growth, including more acquisitions, he said.

After the rights issue, the borrowings of the group, which has about 60 hotels largely catering for commercial travellers ontside Loadon will fall from

REFLECTING THE full benefit of its North American acquisitions. Spirar - Sarco Engineering lifted pre-tax profits from £10.99m to £14.22m in 1984, on increased turnaver of £82.19m, against £59.18m. A higher final dividend of 4.8p raises the net total by LIp to 6.8p and a one-for-two scrip issue is also proposed.

ing for commercial travellers ontside London, will fall from £51.1m to £26.1m, reducing the

period last year. Group trading profits in 1984 edvanced from £10.12m to £13.83m, of which North American acquisitions contri-buted £4.72m (£2.07m). The bnted £4.72m (£2.07m). The figures included a full year's operations from the U.S. and Canadian acquisitions, against eight and five months respectively last time. Other overseas operations added £4.87m (£3.41m) and the UK. accounted (£4.65m).

REFLECTING THE full

This time, the company's figures have received the benefit of translation of overseas results at generally

lower sterling exchange rates against majer currencies, especially the U.S. dollar.

The board reports that

despite the recently reported slowing down in the growth of the U.S. economy, the group's erder levels in the first two months of 1985 have shown, in real terms, an increase over the same

improvement over the same

comment

Spirax-Sarco's finals proved good enough, £im more than expected, to take the shares hack up to their 1984-85 high of 276p. The payout total of 6.8p means that the yield is a low 3.5 per cent but the company continues to enjoy a premium rating from the time it proved to be a safe baven
when much of engineering
was in difficulties. Profits
are, however, highly sensitive
to exchange rate movements,
the stronger the pound, the worse for the group. A good part of the one-fifth increase North American turnover this time was due to the trans-Drayton Controls had a mixed year with the effects of VAT changes in the Budget coming through to cause a much slower concluding quarter. Domestie profits as a result were down a little on the 1983 result. For 1985 the company says that the order book looks generally higher and it plans te concentrate on improving marketing and completing the absorption of the U.S. unit. Analysts are looking for pre-tax profits in excess of £16m

shareholders are being offered

(£35m (£2,9m). Tax was £350,000 (£632,000).

The final dividend is 0.665p, making 1.33p, an increase of 20 per cent adjusting for a acrip issne last June. Earnings per share are 4.03p (£36p adjusted), or 3.62p (£.66p adjusted) diluted to allow for convertible loan stock.

comment It makes much sense for Queens

Shareholders are being offered one fl 7 per cent convertible one fl 7 per cent convertible commutative redeemable priceries share for every seven ordinary shars. The shares are convertible between 1988 and 2000 at an effective price of 66p, compared with yesterday's close of 57p, down ip.

Acquisitions helped raise turnover in 1984 to £59.2m (£43 4m). Increased pre-tax profits were struck after rent payments of £11m (£947,000) and linerest £4.5m (£2.9m). Tax was £350,000 (£6832.000).

The final dividend is 0.665p, making 1.35p, an increase of 20 per cent adjusting for a acrip is since last June. Earnings per share for putting the group in better for putting the group in better financial shape for the expansion to which it remains committed. Moreover, the 10 per cent yield. against 3.3 per cent on the erdi-nary, coupled to the prospect of conversion et 66p at the end of the day. Is an ottractive inducement.

### Alida profits and dividend beat prospectus forecast

Alida Holdings, the polythene butable surplus was ahead at packaging company which 5704,000, against £535,000 last joined the USM last October, made over £700,000 in the second half of 1984. This meant full the company is in a bealthy made over £700,000 in the second half of 1984. This meant full year pre-tax figures climbed from £885,000 to a record £1.25m.

from £886,000 to a record £1.25m, as against a prospectus forecast of not less than £1.1m.

As a result of the improved perfomance, the board is recommending a final dividend of 0.25 higher than forecast at 2.5p per 25p share for the year. Earnings per share are stated up from 13.3p to 16.8p.

Mr Rex Stone, the chairman, says the current year has started very well, with record production volumes being achieved in the film manufacturing division in the first quarter. Profitability

in the first quarter. Profitability has considerably improved in the first three months of the year.

Historically, the second quar-Historically, the second quar-ter of the year is quieter due to seasonal influences, but the board expects half year profits to be appreciablably higher than

last year's £541,000. Raw material prices have risen sharply in the first part of the year after a prolonged fall in 1984. Mr Stone says " such price volatility in either direction is unsettling for our industry but we are confident of our ability to contend with these problems."

The company experts to sain The company expects to gain further benefits from its in-creased investment in plant, perticularly in the second six months when most items will be

m use. The board expects 1985 will be another very good year. (0.75).

Turnover for 1984 increased from £22.15m to £25.45m. After of the A tax of £542,000 (£351,000) and subsidia minorities £3,000 (nil), the attri-

position to continue its signifi-cant capital investment plans in the current year, the chairman

reports.
Alide's operating subsidiaries all traded profitably in the year. The list of active customers conringes to grow and the pattern tinues to grow and the pattern of sales reflects the company's policy of expanding business with national food retailing groups and the food packaging industry.

The last 18 months has seen capital expenditure rise above £2m, with £1.5m being spent in 1984. In 1985 the company anticipates spending about £2m on new plant.

anticipates spending about 12m on new plant.

The chairman says this will place the group in the forefront of technology in its industry and ideally equipped to continue the development of its manufacturing capabilities.

In addition to polythene packaging, the group has interests

aging, the group has interests in plastic reclamation and merchanting.

### Squirrel Horn

Pre-tax losses of Squirrel Horn, confectionery maker, more than doubled from £128,000 to £284,000 in 1984, on unchanged turnover of £6.19m. Losses per 12 p share increased from 0.2p to 5.85p and there is no dividend (0.75).

All costs relating to the closure of the Anderson and Woodthorpe subsidiary are included in the

### Walker and Homer shows slight rise

With a slight rise in midway taxable profits, Walker end Homer Group has decided to pay a small interim dividend—0.2p per share—for the first time in seven years. This follows the resumption of dividends last year with a 0.50 final with a 0.5p final.

The result for the six months to January 31 1985 was a rise from £293,418 to £302,191, and the directors consider that this has confirmed the success of the programmer. nas confirmed the success of the rationalisation programmer, undertaken last year, in that it was achieved on slightly re-duced sales et £12.15m (£13.07m). The group is a furniture manufacturer, based in South Wales. The miners' strike severely affected its performance in the last full period, when taxable profits fell from 1588,784 to 4455,492. The Lientrisant plant was closed and its operation transferred to Rhymney during

the year. Trading conditions remain difficult, say the directors, with continuing pressure on margins, especially from the uncertain especially from the uncertain value of sterling. Historically the second half is the more seasonally depressed trading period, "making forecasting extremely difficult in today's economic climate."

Earnings per sbare are quoted at 1.41p against 1.38p for the six months,

> LADBROKE INDEX 972-976 (+7) Based on FT Index Tel: 01-427 4411

# Slough Estates 40th successive year of profits growth

Year to 31 December	1984	1983	Increase
Profit before tax	£34-69 million *	£20-19 million	+72%
Profit after tax	£24.51 million *	£14·24 million	+72%
Earningspershare	10·23p	7-64p	+34%
Dividendspershare	4-80p	4-00p	+20%
Assets per share	208p	189p	+10%
*includes 12 months revenue	from the Allnatt group acqu	ired in January 1984.	<del></del>

In reporting on a year of continued growth, Chairman Nigel Mobbs highlighted:

- The acquisition and successful integration of the Allnatt group portfolio.
- The expansion of the Group's activities on the redevelopment of existing land and the acquisition and development of new land holdings in the UK and
- The net worth of the Group now exceeds £½ billion.
- The reduction of total vacancies across the Group from a rate of 9.7 per cent in 1983 to 8.2 per cent in 1984.
- The construction of .280,000 sq. ft. of "high tech" space in the USA and the purchase of the Company's first development site in S.E. Florida.

■ The issue of £40-million mortgage debenture stock at an effective interest rate of 11.6 per cent to insulate the Group in large part from short-term interest rate variation.

In recommending a final net dividend of 3p per share Nigel Mobbs said, "this was an increase of 20 per cent for the year and an increase of 116 per cent over the past 4 years during which time the cost of living had increased

by 29 per cent. In the absence of any unforeseen circumstances the Company can look forward to 1985 with confidence for another year of growth in profits."

To obtain a copy of the 1984 Preliminary Announceme and the 1984 Annual Report, to be published in April, please write to the Secretary, Slouigh Estates House, 234 Bath Road, Slough SL1 4EE.

Britain's leading industrial property owners and developers

### THE FRIZZELL GROUP LIMITED

# Ayear of progress and bright prospects



Pre-tax profits £4.7 million



Earnings per share up 25%

The group has performed well this year. with increased pre-tax profits of £4.7 million and earnings per share up by 25%. We have a sound financial foundation on which to build our future growth.

1984 has seen a revolution in the financial services industry. To meet the challenge of new opportunities and increased competition, we will be placing heavy emphasis on innovation and marketing. Our long-term business development will be entrusted to four divisions, two of which will deal exclusively with UK Consumer and Corporate affairs.

We are also investing heavily in information technology and in research Turnover up 32%

Dividend recommended up 25%

and development in order to maintain and improve our traditional standards of service. Our financial state is healthy our

client and activity base increasingly widespread, and our staff loyal and experienced. As one of the largest privately owned UKinsurance brokers, we are well placed to meet the challenges of 1985 and beyond.



Copies of the Annual Report and Accounts are available from The Group Secretary: Frizzell House, 14-22 Elder Street, London El 6DF. Telephone: 01-247 6595.

bank

pank le

### UK COMPANY NEWS

### Watts Blake tops £4m and pays 4.9p

TAXABLE PROFITS moved ahead from £3.63m to £4.25m at Watts Blake Bearne & Co in 1984, and the directors are to recommend a 0.65p increase in the final dividend to 3.25p per the final dividend to 3.25p per share. This brings the total to 4.9p against 4.1p. The directors propose a one-for-five scrip issue. The group, which produces ball and china clays in Devon ball and china clays in Devon and West Germany, saw turnover increase from £24.98m to £27.75m due mainly to a £2.54m rise in sales from exports and overseas trading. These accounted for £20.68m of Sales, with the home side providing £7.09m (£6.86m).

(f6.86m).

Mr C. D. Pike, the chairman, says that in the light of anticipated changes in market demand, the opportunity has been taken to reappraise the group's management structure, marketing strategy and production cost analyses. This, and the redeficing of executive functions, will contribute to the continued upward trend in profitability.

### Photo-Me 45% boost helped by exchange rates

HIE

17.35

A lift of 45 per cent to £3.2m has been shown in pre-tax profits at Photo-Me International for the first six months to the end of October 1984. Current returns indicate that second baif results

automatic colu-operated photographic vending machines rose from £20.1m to £25.02m. The interim dividend has been

held at 3.15p and s one-for-six scrip bas also been announced. In the last full year F total of 9.45p was paid. Earnings are shown as 55.56p (36.23p) per

# Charles Batchelor on Oceonics need for outside backing Searching for a marriage partner

three years ego.

Now, Oceonics' founder and chairman, 37-year-old Mr Bob Aird, and Mr Nigel Allen, his chief executive and partner shace 1977, have decided that a safer haven is needed—for the shara price at least.

Oceonics is taking tha unusual route—for a British company—of putting itself up for public sale to a suitable backer with sufficient financial resources to fund its ambitious investment programme.

The group hes sppointed S. G. Warburg, the UK merchant bank, and Goldman Sachs International, the U.S. investment benk, to find a merriage partner—either in the UK or abroad.

"We don't want to be gobbled up end lose our identity," said Mr Aird. "But we ere looking for a company with the financial, and possibly also the technical resources, to hack us."

back us."

hack us."

Why should Oceonics, once the darling of the Unlisted Securities Market, need to call in outside backing? And why should it choose such a radical way of going about it?

Oceonics' main problem has been poor trading conditions experienced by one of its main customers, the offshore oil and gas industry, over the past two years.

indicate that second baif results will be at least comparable to those of last year. Say the directors. In the last full year pre-tax profits came to £4.51m.

They say thet the first haif trading profits were helped by containing expenses and by the weakness of sterling.

Turnover of this maker of automatic colu-operated photo-

Occomics is a company which has grown used to riding the waves. Its electronic equipment has been buffeted by the oceans of the world on survey vessels and offshore oil rigs.

Closer to home its share price has ebbed and flowed with strong tides of investor sentiment since it first moved to a public quote three years ego.

Now, Oceonics founder and chairman, 37-year-old Mr Bob Aird, and Mr Nigel Allen, his chief executive and partner since 1977, have decided that a safer



Mr Bob Aird, chairman of Oceonics

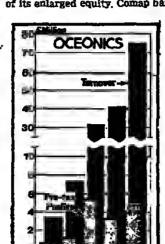
oceonics has spent three years and millions of pounds developing a new suspension for the Challenger tank.

done so well it accounted for more than one-third of all oceonics profits in the year just ended.

But on s worldwide hasis Mr

Challenger tank.

The chairman estimates that the worldwide replacement market alone for tank suspensions will be worth hundreds of millions of pounds over the next few years. Oceonics believes it has a five-year lead over the competition but it faces difficult and expensive decisions on how best to develop it further and market it. market it.



Aird sees no short-term improve-ment in the oil and gas services market.

"We are a long way short of getting the sort of returo which would be possible in normal market conditions." Mr Aird said. "We should have been capable of making a 10 per cent net profit on last year's turnover of £75m."

But why out to mut up for sale.

warket it.

Continued spending on the continued spending on the companies has placed a strain on Oceonic's balance sheet, tradition conditions and ferce competition Oceonics has continued to invest large sums in its "traditional" area of marine electronics and increasing amounts in the relatively new Total

ANNOUNCED

But why opt to put up for sale that venture be founded in 1975 on "e couple of bundred quid" strain on Oceonic's balance sheet, pushing the gearing to 70 per competition Oceonics has continued to invest large sums in its "Ironically, one of the group's increased the pressure. In March amounts in the relatively new Total

BOARD MEETINGS

Over of £75m."

But why opt to put up for sale that venture be founded in 1975 on "e couple of bundred quid" makes this unlikely. The revised profit expectation built into a company now valued on the stock market at £35m.

The poor profit prospects for the next year or so would have meant a conventional share placing or rights issue could not have been carried out at an attractive price. Nor could it have been expected to pay \$1 for every £1 of turnover but the venture be founded in 1975 on "e couple of bundred quid" makes this unlikely.

The revised profit expectation built into a company now valued on the stock market at £35m."

The poor profit prospects for the next year or so would have meant a conventional share placing or rights issue could not have been carried out at an attractive price. Nor could it have been expected to pay \$1 for every £1 of turnover but the venture be founded in 1975 on "e couple of bundred quid" makes this unlikely.

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The revised profit expectation on the took makes this unlikely.

The revised profit expectation on the took make

Mr Aird now believes he needs.
The most recent fund raising exercise by Oceonics was an 18m share placing which coincided with the company's move from the Unlisted Securities Market to a full Stock Exchange listing in August 1983. Oceonics will need even larger sums over the next

A rights issue would be im-possible without diluting the 53 per cent bolding in Oceonics which is still retained by Mr Aird and Mr Allen.

So what the two men propos is exchanging their existing shareholding in Oceonics for a stareholding in Occonics for a stake in a new parent company which would allow its new part-ner s large degree of autonomy. They have chosen to make a public declaration that they are up for sala ration than negotiate a private deal behind closed

doors.

There are e number of parallels between the Oceonics plan and the sale of Hoveringham Group, a listed aggregates company, in October 1981.

Hoveringham went to Tarmac for \$40m after the Needler family, who held 79 per cent of the voting stock, amounced they had decided to diversify their investments.

ments.

Hoveringham was sold to the bighest bidder but the Oceonics board is keen to find a com-patible company with which it can live rather than simply the

which companies would fit Oceonics' bill? The electronics and offshore industries are the obvious areas though a cash-rich partner from a completely different field might fit. With e growing part of Oceonics' business based in the U.S. a partner with existing U.S. operations would be particularly welcome.

elcome. Whoever bids must be expected to come up with between £35m, the current market price, and £75m, the 1984-85 turnover

figure. As a rough guide a buyer could have been expected to pay £1 for every £1 of turnover but Oceonic's limited profit outlook

# Gencor Group 4

**Gold Mining Companies' Results** for the year ended 31 December 1984

Tons Milled '000	Gold Produced kg	Net Profit Rm	Dividends cents per share
2,001	7,696	22.1	165
360	1,206	2.5	54
2,127	13,631	34.7	320
1,787	10,781	48.3	310
2,124	4,359	8.0	80
	Milled 1000 2,001 360 2,127	Milled Produced kg 2,001 7,696 360 1,206 2,127 13,631 1,787 10,781	Milled Produced Rm 2,001 7,696 22.1 360 1,206 2.5 2,127 13,631 54.7 1,787 10,781 48.3

Points made in the Statements by the Chairmen Mr. C. R. Netscher, Mr. E. Pavitt and Mr. J. C. Fritz

### GROOTVLEI

The future of the mine depends significantly on the rate at which the mine continues to find payable one reserves. Consequently the rate of development was increased by 98.8 per cent during

the second half of the year.

To ensure optimum performance and improved reliability of the metallurgical plant it was decided to apprache the carbon-in-pulp plant and to provide more flexible residue pumping facilities which will be commissioned towards the end of 1985. Of an amount of R3.0 million spent during the year on capital projects, R1.1 million was spent on these modifications and a further R5.3 million will be committed to them.

### MARIFVALE

Total ore reserves for the mine are estimated at 570,000 tons at a gold price of R19,100 per kilogram. The average grade is 5.2 grams per ton. These reserves are, however, not large and, at a constant dollar price for gold, would be very sensitive to an improvement in the rand/dollar exchange rate. Thus, the life of the mine continues to be limited as additions to the ore reserves are largely dependent on the development results from the No 3 Shaft area.

The recovery grade achieved has dropped to 5.1 grams per ton during the last quarter because of the increased tomage being mined from the lower grade Leader Reef. It is planned to maintain the mining ratio of approximately 75 per cent Basal Reef and 25 per cent Leader Reef for the ensuing year. Tomage throughput and grade are expected to remain at current levels in 1985.

Areas of interest on the Leader Reef horizon have been delineated for future development and mining. The reef is a highly variable channelised deposit with an irregular value distribution. The "B" Reef has potential to become a limited gold producer.

### STILFONTEIN

Overall development results indicate that the decline in gold values could continue into the current financial year.

Prospecting in Tribute area No 1 continues and small blocks of reef have been intersected. Together with the known reserves it is anticipated that these will be exhausted by the end of 1989, by when the mill throughput and the recovery grade will be considerably reduced.

The ground conditions in Tribute area No 3A are such that no pre-development can be done. Stoping from this area could extend to 1990 and, to improve environmental conditions, a 3.66 metre diameter borehole is being drilled from surface to 16 level (a depth of 1.233 metres).

In an effort to maintain the grade and to keep the mine viable, preparations to remove the Scott Shaft pillar will commence early in 1985.

### **WEST RAND**

In order to ensure the profitability of gold mining operations the mine has now sold forward its expected gold production up to December 1985 at prices ranging from R19,133 per kilogram in january to R26,402 per kilogram in December.

No uranium profits are foreseen for 1985 due to the rescheduling of contractual deliveries. An intensive development exploration programme of the White Reefs in the Luipaardsviei Estates area is in progress and it is anticipated that some pay shoots will be exposed.

All the above companies are incorporated in the Republic of South Africa. London Secretaries: Gencor (UK) Limited, 30 Ely Place, London EC IN 6UA.

### **DIVIDENDS ANNOUNCED**

	Date Cor	re- Total	Total
Curren	t of spond		last
paymen	t payment di	v. year	year
Alida 2.5	May 21	2.5	_
Richard Clay 2.45	_ 2	2 . 3.75	3.5
Kleinwort Benson Gilt 31	March 31 29	.7 120.9	120.8
Lond. & Edinburgh 3.75	- 3		3
Photo-Me int. 3.15	April 30 3.	15	9.45
Planet Group 1.75	July 1 1.7	5- 2.75	2.75
Queens Moat 0.67	- 0.3	55e 1.33	1.11*
Rotaflex	July 5 2.3	4.5	3.2
Stough Estates 3.	May 28 2.4	8 4.8	4
Spirax-Sarco 4.8	May 16 4	6.8	5.7
E. T. Sutherlandst 2	May 31 -	3.33	
Town Centre int. 0.4	July 1 N		0.89*
Walker and Hemer int. 0.2	- N		0.5
Watts. Blake 3.25			4.1
Dividends shown pence per shar	o net except who	ere otherwis	
* Equivalent after allowing	of for errin is	sue + On	capita
- Odit. A Wiett Wriet with an	ag IVE action	4 7700	-

increased by rights and/or ecquisition issues.

§ Unquoted stock.

### BROWN GOLDIE & CO. LIMITED

**Development Capital** for Private Companies

Write or telephone: Cameron Brown or Peter Goldie, Goldie & Co. Limited, 16 St. Helon's Place, London EC3A 6BY. Telephone: 01-638 2575.

Management Buy-Outs

The following companies have notified detes of board meetings to the Stock Exchange, Such mastings are usually held for the purposes of considering dividends, Official indications are not dividende. Official indications are not available as to whether the dividende am interiors or finale and the authorisms shown below are based mainly on last year's timetable.

FUTURE DATES

. 1	Fluwitton	Apr	4
	Young (H.)	ADT	10
	Finels:		
	Saird (William)	Apr	11
. 1	Brixton Estate	Apr	17
П	Centreway Industries	Арг	4
	Centreway Trust	Apr	
	Erith	Apr	
	Fothergill and Hervey	Apr	
	Hewden-Stuart Plant	Apr	
1	inchrape	May	
ŀ	Liberty	May	10
1	Forter Childburn	ADI	12
	Revbeck	Apr	
		Apr	
	Rilay Lelsure	Apr	
	Shema Ware	Apr	
	Scent Augili Jones	Apr	

- 1	Pluwilton	Apr 4
- 1	Young (H.)	Apr 10
	Finels:	
- 1	Saird (William)	Apr 11
- 1		Chr ::
	Srixton Estate	Apr 17
	Centreway Industries	Apr 4
_	Centreway Trust	Apr 12
-	Erith	Apr 10
1	Fothergill and Hervey	Apr 11
١	Hawden-Stuart Plant	Apr 11
	Incheape	May 2
-	Liberty	May 10
1	Porter Chndburn	ADT 3
-	Revbeck	Apr 30
-		Apr 11
	Rilay Leisure	
4	Shama Ware	Apr 4
1	Solex	Apr 4
	Steal Burrill Jones	Apr 10
	5001 ANLIN TAUGE ************************************	~P: 10

Interims:—Arenaon, Floyd Oil Participations, Logica, New Court Trust, Staaua Romana, Tyžeck Turner, Finals:—Alexandra Workwear, Arcolectric, 88G International, 8mmmar. Christies International, Costos Brothers, Consultanta (Computer and Financial), Eastern Produce, Empire Stores (Smd-ford), Evered, Johnston Group, Keen

- 1	Pluwilton	Apr 4
- 1	Young (H.)	Apr 10
	Finels:	
- 1	Saird (William)	Apr 11
- 1		Chr ::
	Srixton Estate	Apr 17
	Centreway Industries	Apr 4
_	Centreway Trust	Apr 12
-	Erith	Apr 10
1	Fothergill and Hervey	Apr 11
١	Hawden-Stuart Plant	Apr 11
	Incheape	May 2
-	Liberty	May 10
1	Porter Chndburn	ADT 3
-	Revbeck	Apr 30
-		Apr 11
	Rilay Leisure	
4	Shama Ware	Apr 4
1	Solex	Apr 4
	Steal Burrill Jones	Apr 10
	5001 ANLIN TAUGE ************************************	~P: 10

# bank leumi (uk) plc

Head Office: PO Box 2AF, 4–7 Woodstock Street, London W1A 2AF Tel: 01-629 1205 Telex: 888738

# A Year of Good Results

Highlights from the Statement of the Chairman, Mr E. I. Japhet, KBE, at the Bank's Annual General Meeting

- 1984 has been a year of good results. Total assets increased by 12% to £361.8 million. Capital funds amounted to £15.5 million.
- Net Profit after tax and transfer to inner reserves reached £820,000, an increase of 15%. Final dividend will be 7.00 pence per share making a total for the year of 10.15 pence (1983 10.15 pence). Shareholders will be offered an option of receiving in respect of the final dividend either cash or fully paid ordinary shares.
- \* The increase in net profit has been achieved after charging the whole of the substantial additional taxation arising out of the 1984
- Finance Act. \* At the end of 1984 Leeds Representative Office was upgraded to a full branch.
- \* The higher volume of bilateral trade between the UK and Israel was reflected in the increased business of the bank. Branches in the West End, the City, Edgware, Golders Green, Gants Hill, Ilford, and also in Leeds.

UNITED KINGDOM SUBSIDIARY OF bank leumi le-israel במק לאומי

1902-1985 ISRAEL'S LARGEST BANKING GROUP

TODAY

MANAGEMENT CINES CONTINUES	
Fizzwilton	Apr 4
Young (H.)	Apr 10
Today tite) mineralismost	- IO
Finals:	!
Saird (William)	Apr 11
Brixton Estate	Apr 17
Centreway Industries	Apr 4
Centreway Trust	Apr 12
Erith	Apr 10
	Apr 11
Fothergill and Hervey	
Hewden-Stuart Plant	Apr 11
Inchrape	May 2
Liberty	May 10
Porter Chndburn	Apr 3
Rayback	Apr 30
	Apr 11
Riley Lelsure	
Shema Ware	Apr 4
Solex	Apr 4
O O	Apr 10
Scent Aurill Jones	APP 10

# Home such gur would gur

PRESIDENT'S STATEMENT

Highlights from the report given by the President, Sir Richard Denby, LLB., DL., to members of Bradford & Bingley Building Society for the year ended 31st December 1984.

### RECORD ACHIEVEMENTS •

"1984 has been a year in which the building society movement achieved records. Bradford & Bingley shared in these achievements with assets increasing by £580M, or 21.6%, to £3,267M"

### SAVINGS AND INVESTMENT

"Improved terms were introduced for the High Income and Premium Access accounts and two new accounts, Flexible Savings and Extra Income, were introduced.

In addition, a redesigned "Prosperity Plan" account was launched in September.

The rates of interest and the terms and conditions offered by all these accounts proved very popular with investors, and contributed significantly towards the record level of income and number of new investing members during the year."

### MORTGAGE LENDING •

"Total advances during the year were a record at £729M, an increase of £198M, or 37%, compared to 1983.

The policy of providing practical assistance + BRADFORD & BINGLEY BUILDING SUCCETY CHIEF OFFICE SINGLEY, WEST YORKSHIRE, BD16 21W



to the improvement of the housing stock continued and £167M was lent to fund a variety of home improvements."

### • RESERVES •

"Reserves increased during the year by £15.8M to £125M, representing a ratio to total assets of 3.83%."

### MERGERS

"The Directors extend a warm welcome to all members

of the former Clapham Permanent, Dover and Folkestone and Glamorgan Building Societies, all of which merged with the Society during the year."

### CHIEF EXECUTIVE

"It gives me particular pleasure to pay tribute to Mr. Robert T. Gardner, C.B.E., F.C.B.S.L, who recently retired as Chief Executive after 25 years service. Much credit must go to him personally for the development of Bradford & Bingley.

He is succeeded as Chief Executive by Mr. Geoffrey R. Lister, F.C.A. previously the Deputy Chief Executive.

The Board is confident that he will be an able successor in this demanding role."



### **UK COMPANY NEWS**

### × London & Edinburgh Trust PLC × Preliminary Announcement of Consolidated Profits for the 12 months ended 31st December 1984. 1983 £0000 £000 Change TURNOVER 28,133 <u>33,384</u> +19%RENTS RECEIVABLE 1.109 609 $\pm 82\%$ PROFIT BEFORE TAXATION 3,353 + 53% PROFIT AFTER TAXATION 2,710 3,949 + 46% DIVIDENDS Interim dividend paid (I) q0.8 Proposed final dividend 3.0p 6.25p COST OF DIVIDEND (£000%) 1,125 (1) No dividends were paid prior to flotation in November 1983 TENANT MARKET STRENGTHENING - several important lettings to be announced. NEW DEVELOPMENT OPPORTUNITIES - exciting expansion of development programme.

المنتان البحثرين العشرين الانتستين (شم) al bahrain arab african bank (e.c.)

**ALBAAB** 

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41,34E,316 30,000,000

1,340,348,117

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129,297,54

191,441,121

1,333,885,534

130,573,394

1,655,900,039

**ERNST & WHINNEY** 

Arab African Consolidated Group Results

INCOME STATEMENT

ENTEREST INCOME

DITEMENT EXPENSE

NET EVILLERAST INCOMES

APPROPRIATIONS

OTHER OPERATING INCOME

OTHER OFERATING EXPENSE

TOTAL INTEREST EX

TOTAL OPERATING EXPENSES

NET INCOME BEFORE APPROPRIATIONS & RESERVES

The General Assembly of ALBAAB held its Annual Meeting on March 11, 1985 in which it had approved the financial results of the year ended December 31, 1984. The General Assembly has resolved to increase the Capital by US\$50 Million thus increasing Paid-up Capital to US\$150 Million. The Assembly has also approved a stock dividend of 7% of Paid-up Capital.

Arab African International Bank, Ministry of Finance of Kuwait, Central Bank of Egypt, Ministry of Finance in Quar, Central Bank of Algeria, Bank Al-Jazira in Saudi Arabia and an Arab Financial Institution.

The Shareholders of ALBAAB consist of the following:

YEAR ENDED DECEMBER 31, 1984

FINANCIAL SERVICES

- encouraging start.

BALANCE SHEET

TOTAL EARNING ASSETS

Clean' Liabillus — Lengs of Croft, Guarantees & Accountains

TOTAL DEPOSITS

TOTAL LIABILITIES

SHAREHOLDERS' BOUTTY

TOTAL

Chairms

AUDITORS' REPORT

TO THE SHAREHOLDERS

3rd February 1985 State of Bahrain

TOTAL SHAREHOLDERS EQUITY

TOTAL LIABILITIES & SHARRINGLDERS' EQUIT

We have examined the financial statements of Al Bahrain Arab African Bank (E.C.). Our examination included such tests of the accounting records and such other auditing procedures

as we considered necessary. We have obtained all the infor-

mation and explanations we required for the purpose of our

In our opinion, proper books of account have been kept by the bank and the financial statements are in accordance therewith and give a true and fair view of the state of affairs at 31 December 1984 and of the

results of its operations and changes in the financial position for the

ALBAAB is a member of Arab African Group

YTUPS THE CHOMBINAIS OF A SETTIFEA

TOTAL .

DECEMBER 31, 1984

# Luxembourg loss hits Richard Planet but firm start to this year

BADLY AFFECTED by a heavy ioss in Luxembourg, Planet. Group, maker of windows and drors, suffered a fall in pre-tax profits from £1.75m to £918.000 in 1984. Performance to date however, indicates that the group has made a firm start to 1985.

As recently announced, negotiations for the sale of the Lexembourg company, Planet SA, to Resart-IHM of Germany are at an advanced stage. It is currently anticipated that, subject to share-bolders' approval, the sale will be completed by the end of April, 1985.

1919.000 pre-tax including an exceptional charge, before tax. Its losses were aggravated by the losses were aggravated by the need to implement two major rationalisation and redundancy programmes during the year. In view of the better start to 1985 and in anticipation that profits this year will no longer be burdened by losses in Luxembourg, the directors are maintaining the final dividend at 1.75p net for a same-again total of 2.75p per 10p share.

Turnover for the year improved from £38.53m to £42.35m. Pre-tax results were struck after interest payments of

struck after interest payments of £392,000 (£429,000) and excep-

28.853, UST 2.210.900 2.321.325 92.240,077

125,414,969

207730

76,700,740

29.304.591

5,720,466

3.757.714 1.757.044-10,678.647

IGIIIDM

18,914,744

14314366

126,563 91,791,814 19,125,829

111.046.336

22,561,880

-7.328.618

4.205.919 1,771.000 8,434.273

15,779,140

tional charges this time of £303,000. The exceptional ltems related to redundancy and reorganisation eosts at Flantet SA together with relocation costs of Creation Windows of Georgia.

After a "disproportionately high" level of tax at £1,2m (£1.11m) and ner extraordinary debits of £132,000 (245,000), there was an attributable deficit of £410,000, against a profit of 393,000. Losses per share were shown at 2.5p (£4,9 earnings).

UK operating profits more than doubled to £317,000 (£154,000), whila losses from Europe (excluding UK) increased to £661,000 (£179,000). The U.S. performance was little changed at £1.96m (£2.2m).

The strength of the U.S. dollar

at £1.50m (£2.2m).

The strength of the U.S. dollar was the main reason for a currency gain at December 31, 1984, amounting to £627,000, which has been credited to

The Creation Windows' com-The Creation Windows' com-panies performed well during the year with strong growth in sales. Planet Windows (Archi-tectoral) and Planet Windows (Glenrothes) both performed very well. Percy Lane made significant progress in reducing its losses

comment Europe has been going "off" the caravan since demand peaked in caravan stnee demand peaked in 1977 and Planet, a component supplier of windows to that industry, has suffered as a result. In the U.S., bowever, the mobile home and recreational vehicle sector continues to grow even if group margins have shrunk by a third and the take by the American tax authorities remains high at a 53 per cent rate. Price Waterhouse's plans (announced at the interim stage) to moderate tax charges appear to have been largely cosmetic in effect to date. largely cosmetic in effect to date. However, what is really holding the company in a decaying orbit is its Luxembourg operation) (losses of over film in 1984). A buyers has now been found and a sale et around film is expected soon. A provision of £337,000 in the accounts represents the loss on heart when the film is the loss of the company of the second the sound film is expected. on book value of this unit if it goes at the present price level. With the cash from the Luxembourg sale plus a further £300,000 from other smaller disposals so far this year, and a share price of 80p, significantly up from time. Last recent lows, the group will be looking for a UK acquisition to enable it to cover its ACI hability and diversify further in Tax amo

# Clay hit by Singapore closure

GROWTH shown in the first half at Richard Clay did not continue at the same pace in the second, although pre-tax profits still increased from £1.11m to £1.25m for 1984.

At the balfway stage pre-tax rofits rose from £521,000 to

Commenting on the full year the directors say that results were depressed by a worsened performance from the Singapore

performance from the Singapore factory, which was closed at the year end.

This has led to a "significant" extraordinary charge of £1.39m this time. Agreements have been concluded for the sale of the factory and plant in Singapore. After the charge and dividends there was a transfer from reserves of £951,000—last time £374,000 was transferred to reserves. reserves.

However in view of an encouraging improvement in continuing businesses, they say a modest increase in the dividend is justified. A final of 2.45p, against 2.2p previously, lifts the total from 3.5p to 3.75p. Earnings per share are shown as increasing

from 7.67p to 8.52p.

Turnover of this book printer and binder moved ahead from f19.74m to £22.32m. Investment in cost effective equipment was accelerated in

response to specific market opportunities, say the directors, particularly as regards exports.
Offset printing capacity was expanded and npdated and a new cased bookbinding production line was also installed.

line was also installed.

The directors remain committed to a policy of decentralised manufacture. This will be accelerated by a recently announced joint venture with the China National Printing Corporation end China International Trust & Investment Corporation. The joint company will make books to high volume in Beijing and trade under the name of The Sino-British Printing Company.

Pre-tax profits were struck after distribution costs of £453,000 (£477,000) and administration expenses of £3.29n (£3.27m). Other operating income of £63,000 (£43,000) was included, but interest costs took £181,000 (£156,000) and there were exceptional debits of £63,000 this time. Last time there were redundancy costs of £210,000, and other interests of £210,000. other incoma fell from £134,000

Tax amounted to £515,000 (£419,000).

total is cut to 1p (2.65p) net -

The board says, however, that early indications are that the first half of 1985 will show e signifi-

The offer for sale of 14.95m

ordinary shares by Blagden Industries has been approxi-

mately eight times oversub-scribed by 42,340 valid applications in respect of a total

cant improvement over year's corresponding period

### COMPANY NEWS IN BRIEF

Estates and General Invest-Estates and General Invest-ments raised pre-tax profits from £1.1m to £1.27m in 1984. Earn-ings per 20p share were 0.2p higher at 4.3p and the final dividend is 1.55p making a total to 2.3p (2.1p) net. Net assets per share were up 11.5 per cent to 138p (122p).

tha building industry.

\* \* \*
Municipal Properties saw pretax profits fall from £367,483 to
£342,460 for 1984, on turnover,

£342,460 for 1984, on turnover, being remts received, of £479,136 (£418,865). The single final dividend is lifted from 9.98p to 11p par 50p share.

After all charges, including tax of £151,977 (£181,235), attributable profit emerged higher at £190,483 (£186,248), for stated earnings of 39.35p (38.48p).

\* \* \* \* \*

\* Pre-tax profits rose from £762,000 to £1,28m at James Halof 118,467,315 shares.
On pink preferential forms 472 valid applications were received from eligible shareholders for a total of 4,453,615 shares, and have been allotted in full.

The striking axion has been been

The striking price has been set at 130p per share. £762.000 to £1.28m at James Hal-stead Group, floor coverings and leisure products manufacturer, n the half year to December 31

The interim dividend is raised by 0.25p to 1.5p. Stated net earn-ings per 10p share improved to 5.39p (3.75p). Sales moved aboad to £16.74m (£15.11m).

set at 130p per share.

\* \* \* \*

Berkeley and Hay Hill Investments, USM-quoted property investment group, reduced pretax losses from £307,000 to £192,000 in 1984.

Losses per 10p share were 0.19p (1.1p) before extraordinary items, and there were 2.44p earnings (4.2p losses) after. There is no dividend. Net tangible assets amounted to 9.26p (6.38p) per share.

\* \* \* \* per share.

Pre-tax profits of USM-quoted Ollfield Inspection Services Group dived from £1.33m to £255,000 for 1984, on turnover of £15.21m (£15.68m). Stated earnings per 20p share declined from 12.4p to 2.3p and the dividend to 3p (2.75p).

TAKE-OVER BIDS AND MERGERS Last Saturday's table of take-over bids and mergers contained a number of typographical errors. We apologise to readers for these mistakes and print below corrected information for those companies

	Company bid for	Value of bid per share**	Market	Prica before bid	Value of bid £m's**	Bidder
		rices la p	ence unie	s otherwi	se indica	tod.
۱	ASR Holdings	450°	445	365	9.00	Minit Intl.
	Energy Services	98	90	84	36.90	Peek Holdings
	Times Veneer	20*	49	49	1.41	
	Trident Compute.	821	49 75	70		Park Place
	UBM	19265	186	159††	113.36	Norcres
	Waring & Gillow	160*	148	155		Hopecastle
١	** Based on Mar	offer. ch 29 19	ff At s	uspensio	71. 88	Shares and cash.

# Sutherland little changed but strong progress expected

Development costs will continue to implage first half margins but "strong progress" is looked for in the second six months as the benefits of the ending of the miners' strike and returns on the group's recent capital investment and product development begin to emerge.

Pre-tax profits for the year to December 29, 1984 fell slightly from £1.58m to £1.49m, but as promised in the April prospectus, shareholders will receive a final dividend of 2p making a 3.33p net total.

In a difficult year, aggravated by the miners' strike, the Shef-field-based chilled and canned foods group managed a smali increase in sales although some loss of volume in the second

ALTHOUGH profits of USM half, raw material cost pressures company E. T. Sutherland and during the final quarter and costs incurred by the continuing the directors expect growth in the current year. margins.

Turnover for the 12 months pushed ahead marginally to £20.74m. Growth in sales volumes in certain areas was interrupted by the miners' strike Group interest charges were reduced from £39,000 to £20,000 but far took slightly more at but tax took slightly more at £647,000 (£637,000).

Availiable profits came through at £843,000 (£1.37m Including an extraordinary credit of £430,000) and earnings per 25p share at 5.8p (£.7p).

Mr Peter Sutherland, the har Peter Suneriand, the chairman, says the group now has an increasingly efficient manufacturing facility with an enhanced production capacity. Capital expenditure during the year amounted to fl.3m

### **Financial services boost** for London & Edinburgh

London and Edinburgh Trust, the property group which is diversifying into insurance and financial services, increased taxable profits by 53 per cent in 1984. The directors say that the financial services division made "significant contribution" to

a "significant contribution" to the result.

Profit before tax rose from £3.35m to £5.12m. The dividend is lifted from a single 3p pay-ment last time to 6.25p, with a 3.75p final. The group gained a full listing in December 1983 vie a tender offer.

Turnover totalled £33.35m

£3.7m, with a £1.11m contribu-tion from rental income—a rise of 82 per cent on £609,000 last directors.

Profits were struck after interest charges of £471,000 (£345,000), and were subject to tax of £1.17m (£643,000). A minority debit of £27,000 (nil) left the net outcome at £3.98m against £2.71m, and the dividend will account for (£225,000).

(£225,000).
Earnings per share are steted at 22.1p (20.9p).
Highlights of the year's performance included a substantially

3.75p final. The group gained a formance included a substantially increased investment portfolio of £23m, and the establishment of £23m, and the establishment of a new U.S. subsidiary which against £28.13m, including a bas acquired a prime office filed companies. Operating profit came out at £5.59m against acquisitions in the U.S. bave been required during the year and will

### **COMPAGNIE BANCAIRE**

Incorporated in France with limited liability. Regd. Office: 5 avenue Kléber, Paris 16ème.

NOTICE OF MEETINGS

The shareholders of Compagnie Bancaire are invited to

The Annual General Meeting to be held on Thursday, 25th April, 1985 at 3.00 p.m. at the Head Office, 5 avenue Kléber, Paris 16 ème, and

An Extraordinary General Maeting to be held on tha same date and at the same place on the conclusion of the Annual General Meeting, to consider the following agenda:

### ANNUAL GENERAL MEETING

-The Report of the Board of Management.

— The Report of the Suparvisory Board. — The general report of the Auditors.

—The special report of the Auditors in accordance with Article 143 of the Law of 24th July, 1966. The examination and approval of the Balance Sheet and Accounts for the financial period 1984.

-The appropriation of profits and the fixing of the dividend.

-Tha renewal of the mandates of four members of the Supervisory Board. The nomination of a mamber to the Supervisory

 The authorization given to the Board of Management to issue bonds to a total of ffr. 5 billion. -Any other business.

MIBAN(O

EXTRAORDINARY GENERAL MEETING

-The Report of the Board of Management. - The Report of the Auditors.

—To approve in accordance with the Act of 8th July, 1984 that 1st January, 1987 be the date on which all shares acquired by staff members under the share option scheme 1981 will become available for disposal.

 To authorize the Board of Management to grant subscription options to the employees of the Company or its subsidiaries, pursuant to the Act of 31st December, 1970 as amended by the Act of 8th July, 1984.

To authorize the Board of Management to increase the share capital up to ffr. 2 billion through that issuing of shares paid for by the incorporation of reserves or by cash payments.

To agree and then adopt new by-laws in accordance with the various laws now in force. -Any other business.

In order to attend or be represented at the Meeting, owners of registered shares must have been entered on the register five clear days prior to the Meeting. Holders of bearer shares must daposit at least five clear days prior to the Meeting at the Head Office, the certificate of daposit, issued by the bank, financial institution or stockbroker with whom the shares are locked. whom the shares are lodged.

Shareholders who wish to attend the Meeting are requested to make advance application to the Company for an admission card.



# BRITAIN'S LEADING MANUFACTURER OF CONCRETE FACING BRICKS.

Edenhall Concrete Products together with its associate companies is Britain's largest manufacturer of concrete facing bricks and is also a market leader in insulated building materials. Traditionally strong in the North, Edenhall has recently expanded into the South of England with a major new manufacturing plant

in Essex, to meet the demand for its products in Greater London and Southern England.

Other leaders in London and Northern Group include United Medical Enterprises.

Britain's leader in the fast-growing world healthcare market, McMillan Offshore, suppliers of specialist personnel to the North Sea oil industries; Blackwell/Tractor Shovels, Britain's leading independent earthmover; Steel Stockholders, Britain's leading steel profiler; and Weatherseal Windows, pioneers in domestic double glazing. Send for the latest London and Northern

Annual Report and find out more about a Group with a turnover in excess of £250m and which continues to extend its interests in growth fields.

LONDON AND NORTHERN Essex Hall, Essex Street, London WC2R 3JD Tel: 01-836 926



# UK COMPANY NEWS

MINING NEWS

# Gencor finds potential gold mine at Poplar

BY KENNETH MARSTON, MINING EDITOR

SOUTH AFRICA'S General Using tax offsets available to the group's existing Winkalhaak or gold mine at the Poplar project in the Leandra district of the Transvaal, close to the Afrikaner group's existing Evander area gold mines.

Mr Pavitt says that if it is decided to go about mith Poplar project.

Mr Pavitt says that if it is decided to go about mith Poplar project.

gold mines.

In the Gencor annual report, the chairman, Mr Ted Pavitt, says that the most recent investigations have indicated that Poplar is viable, "provided suitable arrangements can be made in regard to taxation and mining rights."

However, is a moot point.

Mr Pavitt says that if it is decided to go ahead with Poplar the newcomer would mill 90,000 tonnes of ore per month at a gold grade of 5.5 grammes per tonne, it would have a life of come 20 years and cost around a mining rights."

Mr Pavitt says that if it is decided to go ahead with Poplar the newcomer would mill 90,000 tonnes of ore per month at a gold grade of 5.5 grammes per tonne, it would have a life of come 20 years and cost around a Meanwhile.

made in regard to taxation and mining rights."

For some time there has been speculation that a new gold mine in Brazil in conjunction with might be started in the area

## Cracks hit production at RTZ copper open-pit

ORE MILLING at the Rio TintoZinc group's open-pit Palabora
copper mine in South Africa has
been interrupted by the discovery of cracks in the shells of
the two autogenous mills.

While repairs are being
carried ont over the next 60 days
use will be made of stockpiled
concentrates and it is hoped to
avoid any reduction in copper
output.

cbairman Mr G. A. Macmillan
warns in the annual report that
increases in diesel fuel and
just over 7 per cent to operating
costs this year.

No dividend

rise at Vogels

avoid any reduction in copper output.

What is not known at this stage, however, is whether the repairs will provide a permanent solution to the problem or whether replacement shells will be needed in the longer term.

Palabora, with its low operating costs, is one of the world's most successful copper mines and helped by the weakness of the rand last year it was able to boost earnings by 76 per cent. But

# rise at Vogels

An important announcement to our stockholders:

Copies of the 1984 Annual Report of Citicorp can now be obtained from:

Citibank, N.A., 336 Strand, London WC2R 1HB, telephone 438 1599 between the hours of 9.30am and 4pm Monday to Friday.

Postal applications should be addressed for the attention of the Librarian.

**CITIBAN (OCITICORP** 

this venture has been put at \$90m (£73m) with first production expected in early 1987. Regarding the group's impor-tant industrial interests. Mr Pavitt warns that a further significant increase in South Africa's inflation can be expected this year. "Local trading conditions will continue to be extremely difficult in 1985 and could deteriorate further before

an upturn occurs."

Even so, he expects that Gencor's earnings this year to be not less than in 1984, thanks to new projects and measures taken to avoid the disastrous losses suffered on foreign exchange last year.

in Brief

Posciden, which derives its income from an indirect interest via the 47 per cent holding in Kalgoorlie Lake View—in the Western Australian Mount Charlotte and Fimiston gold mines reports a net profit for the first half of the year to June 30 of A\$3.1m (£1.9m), or 11 cents per share, compared with A\$1.55m a year ago.

Australia's Whim Creek Con-solidated is paying an unchanged dividend of 5 cents (3p) for 1984. As before, shareholders bave the option of receiving the dividend in cash or in the form of bonus shares which would be tax

South African gold production was lower last month at 1,830,743 oz compared with 1,840,828 oz in January, according to figures issued by the Chamber of Mines. The resultant total for the first two months of the year thus amounts to 2,671,571 oz compared with 3,548,628 oz in the same period of 1984.

Record earnings for 1984 are reported by the U.S. Nord Resources from its rutile and kaolin operations in Sierra Leone and the U.S. Net profits amounted to \$7.69m (£6.55m), or \$1.50 per share, against \$2.16m in 1983. The company forecasts earnings of about 50 cents per share for the first quarter of this year.

Duval Mining (Australia), a subsidiary of the U.S. Pennzoil group, shortly is to resume exploration at its Pajingo gold prospect in northern Queensland. Shallow drilling has already intersected gold values ranging from 7.8 grammer per ten us to from 7.8 grammes per ton up to a rich 1,575 grammes, or 50

The Angiovani group's Associated Manganese Mines of South Africa, which operates in the northern Cape, has lifted 1984 net profits to R22.7m (£10m) from R5.9m in 1983. A final dividead of 200 cents (88p) brings the 1984 total to 350 cents against 240 cents.

Kleinwort Gilt

Net revenue at Kleinwort Benson Gilt Fund increased from £1.48m to £1.98m for the three mouths to the end of March 1985, against the comparable period ending April 4 1994. A final dividend of 31.01p, compared with 29.69, raises the total from 120.84p to 120.89p. Net asset value per participating asset value per participating share is shown at £11.26p against

NOTICE OF REDEMPTION

To the Holders of

ENTE NAZIONALE IDROCARBURI E.N.L

(National Hydrocarbons Authority)

63/4 % Sinking Fund Debentures due November 1, 1988

NOTICE IS HEREBY CIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on May 1, 1985 at the principal amount thereof \$450,000 principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. \$1,000 Each of Prefix "M" Bearing Serial Numbers Ending in the Following Two Digits: 51 64 49

Also Debentures of U.S. \$1,000 Each of Prefix "M"

Bearing the Following Serial Numbers: 4185 4545 5385 9585 11285 4285 4585 6985 9985 11785 4385 6185 7185 10885 12185 4485 6285 7985 10885 12485

On May 1, 1985, there will become and be due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment therein of public and private debts, at the option of the holder, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, N.Y. 10015, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main offices of Morgan Guaranty Trust Company of New York in Loudon, Brussels, Paris or Frankfart or the main office of Algemece Bank Nederland N.V. in Amsterdam or the main office of Krediethank S.A. Luxembourgeoise io Luxembourg-Ville.

Debentures surrendered for redemption should have attached all unmatured coupons appartenant thereto. Coupons due May 1, 1985 should be detached and collected in the usual manner.

From and after May 1, 1985 interest shall cease to accrue on the Debentures herein

ENTE NAZIONALE IDROCARBURI By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Fiscal Agent

March 28, 1985

NOTICE

The following Debentures previously called for redemption have not yet been presented for payment:

DEBENTURES OF U.S. \$1,000 EACH

2898 4798 6798 7694 7708 9698 12698 14898 18998 4298 5494 6898 7706 7729 10390 14098 17106 18798

Under the Interest and Dividend Tax Compliance Act of 1983, we may be required to withhold 20% of any gross payments made within the United States to certain holders who fail to hold 20% of any gross payments made within the United States to certain holders who fail to provide us with, and certafy tooler penalties of perjury, a correct taxpayer identifying number (comployer identification number or social security number, as appropriate) or an exemption certificate on or before the date the securities are presented for payment. Those holders who certificate on or before the date the securities are presented for payment. Those holders who certificate on or before the carrect taxpayer identification number on Internal Revenus Service are required to provide their correct taxpayer identification number on Internal Revenus Service are required to provide their correct taxpayer identification number on Internal Revenus Service are required to provide their correct taxpayer identification number on Internal Revenus Service are required to provide their correct taxpayer identification number on Internal Revenus Service are required to provide their correct taxpayer identification number on Internal Revenus Service are required to provide their correct taxpayer identification number on Internal Revenus Service are required to provide their correct taxpayer identification number of payment.

# **Deutsche Bank**

Aktiengesellschaft

Frankfurt am Main

(Incorporated in the Federal Republic of Germany with limited liability)

We are convening our Ordinary General Meeting this year on Tuesday, May 14, 1985, 10.00 a.m. in the Grosser Saal of the Stadthalle Düsseldorf, Fischerstrasse 20, Düsseldorf,

### Agenda

1. Presentation of the established Statement of Accounts and the Reports of the Board of Managing Directors and the Supervisory Board for the

Presentation of the Consolidated Statement of Accounts and the Report of the Group for the 1984 finencial year

Resolution on the appropriation of profits.

The Board of Managing Directors and the Supervisory Board propose that the distributable profit of DM 352.594,824 be used to distribute a dividend of DM 12 per share of DM 50 par value.

3. Ratification of the acts of management of the Board of Managing Directors for the 1984 financial year The Board of Managing Directors end the Supervisory Board propose

that the ects of management be retified. Ratification of the ects of management of the Supervisory Board for the 1984 financial year

The Board of Managing Directors and the Supervisory Board propose that the acts of menagement be ratified.

5. Election of the auditor for the 1985 financial year The Supervisory Board proposes that Treuverkehr AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, be appointed auditor for the 1985 financial year.

6. Election to the Supervisory Board

We give notice that having reached the age limit Dr. Hans Feith and Mr. Frenz Heinrich Ulrich have resigned from office as members of the Supervisory Board of our Bank with effect from the end of the General

The Supervisory Board proposes that in their stead

Dr. Robert Ehret end Dr. Wilfried Guth, both of Frankfurt am Main,

who retire from the Board of Managing Directors of Deutsche Bank with effect from the end of the General Meeting, be elected to the Supervisory Board as shareholder representatives for the remainder of the term of

The Supervisory Board also proposes that the present substitute

Dr. Hans Dieter Mosthaf, Stuttgart, Manager of Robert Bosch GmbH, and

Dr. Hans Fritsch, Düsseldorf, General Manager of Mannesmann AG,

also be elected substitute members in that order for Dr. Robert Ehret and Dr. Wilfried Guth.

According to §5 96 (1), 101 (1) of the Joint Stock Corporation Act and §7 (1) sentence 1 No. 3 of the Employee Co-determination Act of May 4, 1976. the Supervisory Board consists often members representing the shareholders and ten members representing the employees. In electing the shareholder representatives, the General Meeting is not bound by election proposals.

7. Authorization to issue bonds with stock werrants, to create conditional capital and to amend the Articles of Association

The Board of Managing Directors and the Supervisory 8oard propose that the following resolutions be passed:

directly or indirectly wholly-owned foreign subsidiaries of Deutsche Bank Aktiengesellschaft, the Board of Managing Directors be authorized up to April 30, 1990 to grant option rights, having a maximum lifetime of 12 years, to subscribe for shares of Deutsche Bank Aktiengesellschaft. The pre-emptive right of the shareholders of Deutsche Bank Aktiengesellschaft is excluded.

The bonds with stock warrants may be issued - also in partial amounts - in en aggregate nominal emount of up to US\$ 300 m. or the equivalent (calculated at the official middle rate on the Frenkfurt Foreign Exchange Market on the day of the resolution to issue the bonds with stock warrants) in another legal, officially quoted currency of an OECD country or in European Currancy Units (ECU).

The subscription price shall not be lower than the average of the officially determined quotations for shares of Deutsche Bank Aktiengesellschaft on the Frankfurt Stock Exchange on the ten stock exchange trading days preceding the resolution to issue the bonds with stock warrents.

The subscription price shell be adjusted pursuent to en anti-dilution clause if, during the lifetime of the bonds with stock warrants, Deutsche Bank Aktiengesellschaft either increases its capital or creates conversion or option rights, granting a pre-emptive right to its shareholders, and no pre-emptive right is granted to the holders of the stock warrants. § 9 (1) Joint Stock Corporation Act applies

The bonds with stock warrants shell be to bearer. The bearer warrants ettached to each bond will entitle the holder, in accordance with the Conditions of Warrants, to subscribe for shares of

Deutsche Bank Aktiengesellschaft in the nominal amount of DM 50 each. The nominal amount of the shares that may be subscribed in respect of each bond with stock warrants shall not exceed 20% of the DM or DM-equivalent nominal emount of the bond: the total nominal amount of the shares which can be subscribed for is restricted to DM 150,000,000.

The Board of Managing Directors, in agreement with the competent bodies of the foreign subsidianes which issue the bonds, be authorized to determine all further details relating to the issue and to the terms and conditions of the bonds with stock warrants.

The share capital of the Company be increased conditionally by up to DM 150,000,000 through the issue of up to 3,000,000 bearer shares in the nominual amount of DM 50 each in order to grant opoon rights, in accordance with the Conditions of Warrants, to the holders of the stock warrents attached at the time of issue to the bonds. The shares be issued at the subscription price determined in eccordance with e). The conditional capital increase be effected only to the extent that bonds with stock warrants are issued and holders of the stock warrants exercise their rights to subscribe for the shares. The new shares be entitled to participate in dividends from the beginning of the financial year in which they are issued by virtue of the exercise of the option rights.

The Board of Managing Directors be authorized to determine the further details relating to the carrying out of the increase of condi-

The following new subparagraph 7 be added to § 4 of the Articles of

The share capital is increased conditionally by a further DM150,000,000 divided into 3,000,000 bearer shares in the nominal amount of DM 50 each. The conditional capital increase shall be effected only to the extent that holders of stock werrants, attached et the time of issue to bonds issued on or before April 30, 1990 by directly or indirectly wholly-owned foreign subsidiaries of Deutsche Bank Aktiengesellschaft, exercise their option rights. The new shares shall be entitled to participate in dividends from the beginning of the financial year in which they are issued by virtue of the exercise of option rights.

The present subparegraph 7 shall become subparegraph 8; the words "from the bonds with stock warrants mentioned in subparas. 4 and 5" contained therein shall be replaced by the words "from the bonds with stock warrants mentioned in subparas. 4, 5 and 7 and the holders of the convertible bonds mentioned in subpara. 6". The term "option rights" shall be broadened to "option or conversion

Shareholders entitled to participate in the General Meeting and to exercise their right to vote are those who have deposited their shares during normal office hours and in the prescribed form at a depositary bank until the end of the General Meeting. Depositary banks are those specified in the Bundes-anzeiger of the Federal Republic of Germany No. 64 of April 2, 1985.

Depositary banks in the United Kingdom are: Deutsche Bank AG,

London Branch,

6. Bishopsgate, London EC2P 2AT.

Midland Bank plc. International Division, Securities Department.

London EC4.

Shares shall only be deemed deposited if they are lodged by May 7, 1985, at the latest, with either of the aforementioned depositary banks or with any other authorized depositaries in the United Kingdom. In the United Kingdom entrance cards or forms of proxy will be issued by the aforementioned offices of Deutsche Bank AG or Midland Bank plc to whom application

With regard to the exercise of the voting rights we wish to draw your ettention to § 18 (1) of our Articles of Association:

"The voting right of each share corresponds to its nominal amount. If a shareholder owns shares in a total nominal amount exceeding 5% of the share capital, his voting rights are restricted to the number of votes carried by shares with a total nominal amount of 5% of the share capital. Shares held for account of a shareholder by a third person shall be added to the shares owned by such shareholder. If an enterprise is a shareholder, the shares owned by it shall include any shares which are held by another enterprise controlling, controlled by or affiliated within a group with such enterprise, or which are held by a third person for account of such enter-

The 5% of share capital mentioned in § 18 (1) at present corresponds to e nominal amount of DM 73.457.255=1,469,145 shares of DM 50 par value, Copies of the Annual Report will be available at the aforementioned banks on or about April 23, 1985.

Frankfurt em Mein, April 1985

The Board of Managing Directors

- Sales up 10%
- Pre-tax Profit £918,000
  - Firm start to 1985

Results for the year ended 31 December 1984 1983 £'000

**42,347** 38,534 Turnover 918 1,748 Profit before tax

Dividend: **1.00p** 1.00p Interim paid Final proposed 1.75p 1.75p

Earnings per share (2.8p)

This statement is abridged from the audited full financial statements. The full statements with the auditors' report will be available from the Secretary at 83 Colmore Row, Birmingham, B3 2AP on 30 April 1985 and will be delivered to the Registrar of Companies following the Annual General Meeting.

Planet Group plc

1984 RESULTS 

	1984	1983
Sales	569.4	570.2
Trading profit	41.4	41,3
Capital expenditure	35.0	24.5
Net capital employed (end of year)	267.2	223.9
Return on capital (average)	16.9%	17.9%
Number of employees (end of year)	6,300	6,300

These figures relate to the Group managed by Albright & Wilson, including companies owned directly by Tenneco

 Following the disposal of three businesses in 1983. sales of continuing operations on a comparable besiincreased in 1984 by 12% and profits increased by 14%. UK profits were slightly lower mainly because of the higher cost of key raw materials. Exports from the UK

were £115 million, a new peak for A&W-38% of sales Overseas subsidiaries increased their sales and profits

and accounted for 75% of Group profit before interest Tenneco Organics, pert of Resins & Organics Division, gained The Queen's Award for Export Achievement.

 Capital expenditure increased in the UK and overseas with 60% of total expenditure overseas. The main emphasis was on modernising and expanding phosphate and detergent plants in the UK, and sodium chlorate and phosphorus plants in Canada.

 There were significant developments by our associated companies in S.E. Asia, A new factory was opened for sodium tripolyphosphate in Thailand and a phosphoric acid plant was commissioned in the Philippines.

 Rationalisation moves begun in 1983 were completed. with the closure of the Stratford (London) factory and transfer of main production units to Oldbury.

Copies of the Review of the Year may be obtained from Corporate Public Relations Department at the eddress given below. albricht & WISON LIP Building on Quality

1 Knightsbridge Green, London SW1X 7QD.



### Valin Pollen in Dutch purchase

Valin Pollen International, the advertising, public relations, design and research group, is making its first overseas acquisition with the purchase of Thomas and Kleyn, a Netherlands-based agency, for up to £2.41m.

22.41m.
The Dutch company, with offices in Amsterdam, has a similar ranga of services in corporate and financial communicaporate and financial communica-tions to VPI. But, established in 1982, it is young and smaller, with 20 staff against VPI's 150. Last year, Thomas and Kleyn mada pre-tax profits of £145,000 from operating revenues of £427,000. For 1985 it is forecast-ing revenues of £900,000 but the costs of new offices and new staff are expected to depress profit are expected to depress profit

The initial cash payment for Thomas and Kleyn is £353,000. Other performance-related payments are to be made over the next three years, so that the total purchase price equals 51 times the averaga pre-tax profits for 1985, 1986 and 1987.

### Dee extends Booker offer

Dee Corporation yesterday extended its 2331m bid for Booker McConnell until April 19 and said the offer would not be extended further. At Friday's first closing date, it had received acceptances covering 5.3 per cent of Booker in addition to the 15.9 per cent stake it already owns. The bid can only be increased in circumstances deemed by the Takeover Panel to be exceptional.

# Quality Inns has 29.9% of PoW in Taddale sale

Taddale Investments has sold its majority interest in Prince of Wales Hotels, acquired little more than a year ago. The sale increases the bolding of Quality Inns, a U.S. botel group, from 20 per cent to 29.9 per cent of Prince of Wales.

The botel group's sbare prica fell 12p to 100p yesterday on news of the sale of Taddale's 51.

The botel group's sbare prica fell 12p to 100p yesterday on news of the sale of Taddale's 51.

Wales at £15m, compared with the £8.75m tag put oo it by Taddale's bid in February 1984.

Yesterday's closing price valued the group at £12.4m.

Mark Alan Gele, Taddale managing director, said his company had made a profit on its Prince of Wales bolding, but declined to estimate it or to give the sale

news of tha sala of Taddale's 51
per cant stake. All but the
sbares taken by Quality lons
went to lovesting institutions in
a placing understood to have
been at 85p.

Taddale acquired most of its
shares through a full bid, but
agreed last November to a takeover of Prince of Wales by Comfort Hotels. That deal fell
through becama the target of competing
bids from Intasut Leisure and
Ladbroke Group, with Ladbroke

# The venture, called Quality Inns Europe, is 80 per cent owned by the U.S. group and 20 per cent by Prince of Wales. Mr Tony Rothwell, a Quality Inns executive, is deputy chairman of Prince of Wales.

Mr Gale said Taddale, of which Sir Monty Finniston is chairman and Mr Michael Carlton deputy chairman, has no interests in the hotel business after making the sale. It has a range of invest-ment boldings, mostly in small industrial companies

Prince of Wales estimated that Frince of Wales estimated that it bad a pre-tax profit of £750,000 in 1984, marginally up on 1983's £724,000. Mr Bill Crossmen, brought in as chairman of Prince of Walea by Taddale, said it had successfully eliminated loss-making operations and that its remaining botels had been trading well.

### Wheway plans £1.6m disposal

Agreement bas been entered into whereby Becker, a UK subsidiary of Becker Pruente of West Germany, will acquire for cash, payable on completion, a 50 per cent interest in chain-maker Wheway Watson (CM), at present a wholly-owned sub-sidiary of Wheway-Watson Hold-

### Foster **Bros sells** stake in associate

By Martin Dickson

Foster Brothers Clothing, the menswear chain which has agreed to a £115m takeover by Sears Holdings, one of Britain's biggest retailers, has disposed of its interests in a loss-making U.S. associate, Natco Industries, but will take on soma \$13.5m of its liabilities. liabilities.

Foster Brothers announced last mooth, at the time of the Sears bid, that It intended to dispose of its 49.8 per cent stake in Natco, a menswear retailer. It has now sold it for a nominal sum to Pisers Leasing, a privately-owned American company.

Pisers will take on some of Natco's liabilities, but Foster Brothers has agreed to pay off liabilities which it had guaran-teed totalling some \$13.5m.

This is on top of £4.3m of losses from Natco up to last November, which Foster Brothers revealed at the time of the Sears bid. The company said yesterday it would also have to write-off the balance of its investment, totalling some £3m.

At the time of the Sears bid. Foster Brothers said it would have to take a substantial extra-ordinary charge in the year to February 28 because of Vatco's distillery, provisions against the book values of the retained Littlemill and Glen Scotia disstilleries, together with redundancy and other sale costs.

at present a wholly owned subproblems. Thus, coupled with proof UK trading and modernisation costs, would mean a £30m increase in its borrowing requirements during the 1984-85 financial year. 25% interest in Cinzano

GrandMet plans to take

announced yesterday.
International Distillers and Vintners (IDV) GrandMet's wines and spirits subsidiary, will pay an undisclosed sum for half of the 50 per cent holding in Cinzano currently owned by Ifint, a Luxembourg-based investment company. close interest in the management of Cinzano through the oppoint-ment of Mr Potrick Copeland. ment of air Potrick Copeland, previously IDV's marketing director, as general manager of Cinzano International, based in Geneva.

ment company.

Ifint is cootrolled by the Agnelli family, which numbers the Piat vehicle group among its IDV had sales of nearly £1bn in the year ended September 1984 while Cinzano had soles of about £250m in the same period. The Italian company employs interests. The remaining 50 per cent of Cinzano is owned by the Cinzann family. The Italian company employs cussing plans to acquire a stake 2,000 people and has operations in Cinzano last October.

The Londoo laboratory loss

film in the year to March 31 and

£2m in the previous five years. Humphries will make redundancy

of around £1m.

Grand Metropolitan, tha brewing, hotels and leisure group, is to take a 25 per cent stake in clinzano, the Ialian drinks company uoder an agreement national vermouth brand.

International Distillers and Close interest in the management of the countries.

Cinzano will benefit from the in 26 countries.

Count Alberto Marone Cinzano, the lalian drinks company uoder an agreement national vermouth brand.

Grand Met is also to take a close interest in the management of the countries.

represent IDV on the Cinzano

IDV (UK) is to take over responsibility for the sales and marketing of Cinzano in the UK, as part of an ogreement for the two companies to establish reciprocal tradiog relationships where it is commercially viable. 1DV first revealed it was dis-

### **Humphries quits business**

Humphries Hoidings, probably which employ 58 staff and have the third biggest motion film a net asset value of around film. processor and developer in Britain, is getting out of the business. It has sold three of its film laboratories to Rank Film Laboratories for about fim and is closing the fourth, in London, with a loss of 130 jobs.

Humphries, which is 75 per cent owned by BET, said its other subsidiaries — including Humphries Video Services and the CTS music recording studios -would continue to operate as

COMPANY NEWS IN BRIEF

Humphries was involved in talks with Rank about a possible merger of the film laboratories two years ago, but nothing came of the deal then, even though it got a green light from the Office of Fair Trading. Rank, Britain's biggest film The UK's second biggest proprocessor, will take over Humphries' laboratories in Man-chester, Leeds and Glasgow, cessor, Technicolour (UK) also held talks with Humphries in 1983 about a possible takeover.

### **Nicholson** leaves Hobson

Hobson, a USM-quoted maker Mobson, a USM-quoted maker of aluminlum dies, announced yesterday that managing director George Nicholson, who has been in dispute with his fellow board members, had resigned as a director of the compony.

The board said It had also terminated Mr Nicholson's employment with immediate effect.

payments costing some £1.4m and intends 10 sell tha London building which bas a book value

Mr Nicholson was temporarily auspended as managing director just before Christmas on full pay. He aought to get the suspension stopped in the courts and then called an extraordinary general meeting of the company, where shareholders turned down his proposal 10 remove his fellow directors from the board.

# **Argyll sells distillery**

Amalgamated Distilled Pro-ducts, a subsidiary of Argyli Groop, bas completed tha £6.9m alle to Inver House Distillers of its Loch Lomond distillery at

Argyli'a accounts for the year Alexandria, Dumbertonshire, lo-gether with certain whisky

ISRAEL DISCOUNT BANK LIMITED Tel Aviv, Israel ISRAEL DISCOUNT BANK OF NEW YORK New York, U.S.A.
U.K. REPRESENTATIVE OFFICE

### **CHANGE OF ADDRESS**

Please note that with effect from TUESDAY, 2nd APRIL, 1985 the address of the U.K. Representative Office will be CITY TOWER 40, BASINGHALL STREET

Telephone: 01-588 2787

**LONDON EC2V 5DE** Telex: 897593 IDBLDN G

138 IDB BANKHOLDING CORPORATION :

to March 31 1985 will inclode an

extraordinary debit of £1.4m, represented mainly by a loss on

cations for 47,250 shares which have been alloted in full.

Remaining 6,483,750 shares have been allotted as follows: up to 1,000 allottment in full: 1,10) to 10,000 — the greater of 1,000 shares of 65 per cent of the number applied for: 11,000 and over — the greater of 6,500 sbares of 39 per cent of the number applied for.

In the market for S & N ordinary shares was 1284p. Following the purchase, S & N beld 2,896,000 was the purchase, S & N beld 2,896,000 was the purchase or the greater of 1,000 and over — the greater of 6,500 sbares of 39 per cent of the number applied for.

Turnover for the group, which

Negotiations are at an advanced stage for the acquisition by Stewart Wrightson Holdings of 70 per cent of BAII Insurance Services which operates in the Middle East, from offices in Bahrain, primarily as a facultative reinsurance broker, placing busines in the London, inter-national and local insurance

5,075 aplications were recieved in Matthew Brown at a prica for a total of 11,032,550 ordinary shares in Shorrock.

Employees submitted 86 applications for 47,250 shares which in the market for S & N ordinary in the market for S & N ordinary

f1.09m compared with £291,000 previously.

Turnover for the group, which is engaged in the printing and publication of local weekly newspapers in Greater London and the Home Countles, moved abeadfrom £11.57m to £13.08m.

An increased 4.75p (3.25p) final is being paid, making a 7p (5p) total for the year. Earnings were 23.7p (5.6p).

J. Rothschild Heldings has sold Popper Print and Packag-On March 29. Seottish & ing, a private printer and carton Newcastle Brewerles purchased manufacturer, in a management a further 25,000 ordinary shares buy-out valued at £1.1m.

Although turnover of Silko-lene Labricants rose from £20,27m to £25.76m in 1984, pre-£20.27m to £25.76m in 1984, pre-tax profits were little changed at £1m (£1.02m). Earnings per 25p share slipped from 17.3p to 15.2p, but the dividend total is 1p higher at 9p net with a final of 6p. The company believes that its plans for 1985 will lead to an improvement on the reported results.

Despite a charp increase in turnover from £13.8m to £20.66m, pre-tax profits of C. H. Peace & Sons, construction group, were virtually unchanged at £1.35m (£1.34m) for the half year to November 30, 1984. Stated after-tax earnings dropped from £22.7p to 19.1p per 25p share, 1.15p net with an unchanged final turnover of £19.65m (£16.53m), the group made an

withdrawal from Rothschild's is raised by 0.25p to 1.75p.
Investments in industrial subsidiaries, the policy outlined by full year profits to exceed the its chairman, Mr Jacob Rothschild, last year. previous year's, unless the sale of certain development proper-ties, currently under negotia-tion, is completed before the year-end.

> Thomas Robinson & Son, ingineer and machine maker, continued the recovery made in the first balf to achieve pre-tax profits of £507,000 for 1984, compared with losses of £697,000.

Sales rose to £11.37m (£7.93m). with exports representing
44.5 per cent (20.2 per cent) of
turnover of the group's UKregistered companies. Net earnings per share are shown as 6.7p

Turnover moved up to £8.75 m (£8.06m) and operating profit to £263.023 (£170.440), while Interest charges were reduced to £112,385 (£136,907). At the halfway stage, there was a liss before tax of £45,000 after charging £80,000 for writing down a quantity of blankets.

Tax takes £28,416 (£8,342) to

leave earnings ner 10p share at 1.96p (0.3p). There are extra-ordinary credits of £150,736 (debit £27,147) being profit on sales of two properties, less redundancies.

Relyon Group. Somerset based divan and mattress manufac-turer, reported a small improve-

operating profit of £1.81m (£1.88m). Tax took £546,522 (£977,118). Stated earnings were 12.94p (9.33p).

For the 14 months ended December 31 1984, profits of Aldcom International, the design consultancy group, have reached £1.6m, against o restated £567.000 for the previous year. On an annualised basis the directors any the increase is equal to 142 per cent.

The outlook for the current year, they any, is for conlinued growth in oil divisions. The dividend is 1p net, against 0.8p. Turnover amounted £24.77m, compared with £12.8m in the previous period.

Tax takes £794,000 (£214,000) and minorities £55,000 (£30,000). aid, compared with a scrip and minimites 25,000 (250,500), issue adjusted 2.5p, bringing the leaving a net profit of £752,000 tall for the year to 4.45p, (£323,000). Earnings are shown gainst 4.04p.

On turnover of £18,65m extraordinary debits of £429,000

These notes will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States of America or to nationals or residents thereof. This announcement appears as a matter of record only.

# Sea-Land Corporation

US\$125,000,000

**Revolving Euronote Facility** 

Arranged by **Amro International Limited** 

**Underwriting Banks** 

Amsterdam-Rotterdam Bank N.V. New York Branch Agent

Banque Paribas

The Dai-Ichi Kangyo **Bank Limited** 

Deutsche Bank A.G. Cayman Islands Branch Samuel Montagu & Co. Limited

Morgan Guaranty Trust Company of New York

Bank of America

International Limited

Dai-Ichi Kangyo

International Limited

March 29th, 1985

**National Westminster** Bank USA

The Royal Bank of Canada

Wardley London Limited

Tender Panel Members

**Amro International Limited** Agent

CIBC Limited

Citicorp International Bank Limited

County Bank Limited

Merrill Lynch International & Co

DB U.K. Finance Limited Samuel Montagu

Limited

Dillon, Read Limited

Morgan Guaranty Ltd

First Interstate Limited

Orion Royal Bank

Limited

& Co. Limited **Paribas Limited** Sanwa International

Saudi International Bank Al-Bank Al-Saudi Al-Alami Limited

Wardley London Limited

Advisor to the Issuer Dillon, Read Limited Kukje-ICC Sets the Record Straight

> In clarification of recent reports, Kukie-ICC Corp. is alive and well. While it is true that the Kukie Group of companies has been dissolved, the recent changes at Kukie-ICC Corp. reflect a change in major shareholders only. It does not represent an assignment of material corporate assets, nor is it a preliminary stage for liquidation.

> It's business as usual except that we are now under the new ownership and management of Hanii Synthetic Fiber Ind. Co., Ltd.. We're continuing manufacturing, exporting and importing.

> We solicit the understanding and continued confidence of clients and creditors in Kukje-ICC Corp. during this period of transition. We have every intention of fully honoring all of our existing commitments to clients and creditors alike. And our assurances are fully supported by our creditor banks who have stated, on the public record, that Kukie-ICC-issued bills and notes will be cleared without delay.

Again, we seek your continued trust and confidence in Kukje-ICC Corp.'s



TRADE HQ: CPO Box 747, Seoul, Korea, Telex: KUKJECO K22534/6, Cable: KUKJECO Seoul, Prione: 797-7111

Tuesday April 2 1985

**WALL STREET** 

# **Steady Fed** stance aids confidence

CONFIDENCE on Wall Street that the Federal Reserve is maintaining a slack hold on the credit reins was huoyed yes-terday by confirmation that the board's policy-making Open Market Committee voted in Fehruary to hold policy steady, writes Terry Byland in New York.

Bond prices continued to edge ahead but the stock market, which expects some disappointing corporate results this month, was initially more cautious. By 2pm, stocks were picking up and the Dow Jones industrial average was 3.54 ahead at 1,270.32.

The latest economic data provided a mixed image of business trends in the U.S. A survey of purchasing managers indicated a slowdown in economic activi-

Gains of nearly half a point in bond prices reflected Wall Street's conviction that the Fed has no wish to see rates rise at present Professional traders were cautious, however, pending news from a Congressional sub-committee hearing on the federal bond markets in the wake of last month's collapse of ESM Government Securities. Mr Gerald Corrigan, president of the New York Fed told the committee of the Research Fed, told the committee of the Reserve Board's concern over intra-market repurchase transactions and the problems of regulating bond traders.

In the stock markets, the combination of an apparent moderation in the economic pace and recent warnings of the effects of the dollar on first-quarter earnings has offset the expectation of easier interest rate trends.

North American closing prices were not available for this edition due to the introduction of Summer Time in Europe. Normal time differences will realign on

The Detroit carmakers continued to edge forward on the back of a good sales performance. General Motors at \$73% was \$1/2 up, Ford \$1/4 better at \$421/4 and

The mainframe computer makers also improved again, although turnover was modest. IBM added \$% to \$127%, Honeywell \$1 to \$58% and Burroughs \$% to

But several smaller technology stocks proved vulnerable to corporate developments. Datapoint, which is to buy in 2m of its own shares, dipped \$1% to \$16%. Data General fell a further \$1 to \$44%.

Hospital management stocks were featured by the plan disclosed by Hospital Corporation of America and American Hospital Supply to merge and form the largest national health care concern at a time of increasing competition in

the industry.

Both stocks, suspended on the NYSE pending further news, were quoted in the third market, albeit on wide trading spreads. Jefferies, the leading off-floor trader, quoted Hospital Corp at \$42 bid – \$46% asked, and American Hospital Supply at \$31% bid – \$37 asked.

Financial Corp of America was \$1/2 better at \$7% after reporting the heavy, but predicted, loss for the fourth quarter. Other thrift stocks were mixed, with H. F. Ahmanson, the largest of the publicly-quoted groups, \$\% off at \$33\%.

Defence industry stocks were unsettied by the rash of accusations of questionable contract pricings. United Tech-nologies, which announced layoffs in the semiconductor workforce, shaded down

The credit market's confidence was soosted when the Federal Reserve announced \$1.5bn in customer repurchases as federal funds reached 81% per cent. Short-term rates continued to ease, with Treasury hills around four basis points off, ahead of the weekly auction, which is larger than usual at \$13.1bn.

Bond prices remained firm, although below their best levels.

### LONDON

# **Sterling** remains key influence

THE RECENT trading pattern in London stocks was reversed yesterday. Blue chips made a determined attempt to pull out of the previous seven-day decline but gilts parted with some of their posthudget gains. Sterling remained the key influence on sentiment. By the close, the FT Ordinary index was 0.5 lower at

Sporadic profit-taking in gilts by over-seas investors met with little resistance and longer maturities drifted back to settle ½ lower in places.

Domestic cash shortages continued and following the authorities latest £750m funding, announced late on Friday, the market appeared adequately supplied with stock.

Chief price changes, Page 38; Details, Page 39; Share information service, Pages 40-41

### **HONG KONG**

A LATE foray by profit-takers in Hong Kong clipped some of the early gains off the Hang Seng index which finished a net 7.09 higher at 1,389.13, having peaked at 1,400.83.

Hutchison Whampoa, which announced a 12 per cent drop in profits af-ter the close, gained 30 cents to HK\$20.90 while Jardine Matheson eased 10 cents to HK\$9.25.

Cheung Kong shed 20 cents to HK\$13.80 ahead of sharply lower 1984 earnings, although the property group is maintaining its 45 cents per share divi-

### **AUSTRALIA**

IN ACTIVE trading in Sydney, most sectors were easier as institutional investors remained on the sidelines. The All Ordinaries index dipped 1.1 to 828.6.

A technical correction in gold and resource issues after last week's advance left leading shares lower, BHP slipped 2 cents to A\$5.92 and CRA retreated 8 cents to A\$6.06.

A mixed media sector left News Corporation steady at A\$14 while Herald & Weekly Times edged 2 cents down to

### SINGAPORE

LIGHT selling pressure forced Singa-pore share prices down as the Straits Times industrial index eased 2.25 to Features included Cycle & Carriage

which rose 12 cents to S\$4.08 in active trading, while Pan Electric followed the hroad market trend with an 8-cent fall to S\$2.38, despite its higher 1984 results.

DBS was actively traded and lost 5 cents to S\$6.15, although Malayan Banking added 5 cent to SS6.

### **SOUTH AFRICA**

AN EASIER tone in the bullion price took gold shares in Johannesburg down slightly although trading was mixed for most of the session.

Randfontein lost R2 to R200, Free State Geduld retreated R1 to R53.50 and Driefontein fell 75 cents to R53. Mining financials and other mines moved lower in sympathy as Anglo American dropped 25 cents to R25 and De Beers slipped 18 cents to R9.97.

### CANADA

90.18 90.24 90.17 90.26

106-13 106-28 106-10 106-28

Apr 1 529,65p

£1,154.50 £1,145.50

£2,200.50 £2,168.00

537.10p

COMMODITIES

Silver (spot fixing)

Oil (spot Arabian light)

Copper (cash)

Coffee (May)

OILS dominated an active Toronto although heavy losses were recorded by gold issues.

Texaco Canada rose CS% to CS18%, Gulf Canada put on C\$\% to C\$19\% while Bow Valley Industries traded CS% higher to C\$17%.

Montreal managed to post a small rise



### **EUROPE**

# An absence of fresh factors

A HESITANT day's trading was seen in many European centres with investors holding back in the absence of a lead from any new economic data.

In Frankfort, trading was quiet with an inflow of funds to institutional investors from coupon payments in the bond markets failing to resurface into the stock markets.

The Commerzbank index added 2.3 to 1,163.2, largely reflecting some early enthusiasm from individual investors ahead of the latest results from the banking sector. However, at the close, prices were again drifting lower.

The mood was reflected by Commerzbank whose shares rose to a high of DM

hank whose shares rose to a high of DM 165.50 in the wake of its higher net profit and unchanged dividend hut later slipped back to close a net 20 pfg lower at DM 164.50.

Among other hanks, Deutsche added DM 2.90 to DM 439, after a high of DM 439.50, while BHF ended at a day's high, up DM 3.50 at DM 264.50. Bayer-Hypo put on DM 6 to DM 335 hut Dresdner at DM 189.00 ended a net 10 pfg lower at DM 188.90, having climbed at one stage to DM

In other sectors, Hoechst rose DM 4.40 to DM 203.90, Bayer DM 2.10 to DM 207.50 and BASF DM 2.70 to DM 198.90. Pharmaceutical stock Schering added DM 2.50 to DM 447.50.

In electricals, Siemens was DM 8.90 higher at DM 527.40 and AEG put on DM 1.90 at DM 106.40. High technology stocks saw IWKA DM 7 ahead at DM 276 and Nixdorf up DM 3.30 547.80.

Bonds were little changed with the coupon payments again failing to fund

Paris had a mixed session but prices were showing a firmer hias at the end of the day after the Economics Ministry had announced plans for a new broad strategy aimed at modernising equity markets and promoting closer competition among participants.

Electricals, oils and textiles improved while chemicals and foods were mostly

Brussels was steady to easier. Société Générale de Belgique rose BFr 10 to BFr 1,990 as it announced plans to increase its stake in ACEC the electrical company, by buying out Westinghouse's holding. ACEC, added BFr 64 to BFr 874.

Petrofina was unchanged at BFr 8,750 while in the chemicals sector, Tes-senderlo shed BFr 100 to BFr 3,200 and UCB declined BFr 60 to BFr 5,250.

Among corporate reporters, Delhaize added BFr 50 to BFr 6,850 as it announced a lower consolidated group net profit but higher dividend. Wagon-Lits was BFr 35 higher at BFr 2,685 as it announced higher net profit for 1984. Opening losses were extended in Am-

sterdam. The cut in the credit surcharge by major Dutch banks failed to provide any impetus for bank shares with investors determined to await annual reports from major companies later in the week before committing themselves to new investment strategies.

The slightly higher dollar helped Royal Dutch, up FI 2.80 to FI 199.10, but Hoogovens fell 40 cents to Fl 57.50 ahead of its annual report, due on Thursday. Publisher Elsevier was Fi 1 ahead at

FI 114.50, amid high expectations of its report, due today. The banks were mixed with NMB down Fl 1.50 at Fl 171.50 and Amro 70 cents easier at F1 73.50 ABN managed a

50 cent advance to FI 404. Bonds were steady to higher in quiet trading with many investors remaining out of the market after last week's rela-

tively active buying. Zurich was also mixed to lower in lacklustre trading. Leading industrials lost ground but banks were mixed. Dow

Banking added SwFr 20 to SwFr 1,200. Insurers were higher with Swiss Re SwFr 150 ahead at SwFr 10,000 while Winterthur put on SwFr 60 to SwFr

The Federal Government's latest bond. which had been tendered at 101.40 per cent at its 5 per cent coupon, closed at 101 per cent on the first day of trading. Meanwhile, the Justice Ministry, plans to submit a draft law to the Government during the next few weeks,

Bonds were steady in light trading.

hopes it will come into force in 1987. An absence of institutional buying left Milan lower but Madrid turned higher led by advances in the food sector. Stockholm was lower.

banning insider trading. The ministry

# **Active spur** to further record level

INVESTORS bought actively in Tokyo yesterday at the start of the new financial year, with the Nikkei-Dow market average bitting an all-time high, writes Shigeo Nishiwaki of Jiji Press.

Buying centred on stocks related to new materials, biotechnologies and those with off-the-book assets. Some hlue chips staged a late rally.
The Nikkei-Dow indicator rose 88.95

to 12,677.15, surpassing last Thursday's record of 12,604.02. Spurred by the inauguration of Pacific Securities, through the merger on Monday of three hrokerage houses affiliated with Yamaichi Securities, volume expanded to 577m shares from Friday's 485from Friday's 486m.

Mitsubishi Steel Manufacturing was traded actively with investors speculating that the company might start com-mercial production of an amorphous al-loy. It advanced Y27 to Y595 and Japan Metals and Chemicals firmed Y35 to Y520 m sympathy.

Among biotechnology issues, Toray, which had obtained approval to manufacture beta interferon, was actively traded hut profit-taking pushed its price down by Y27 to Y503. Nippon Oil and Fats gained Y51 to Y771.

As for hiotechnology-related large-capital chemicals, Mitsuhishi Chemical closed up Y19 at Y467, while Kanebo, the most active with 23.51m shares chang-ing hands, added Y27 to Y382. Sumitomo Chemical rose Y6 to Y225.

Nippon Steel ranked second on the active list with 22.74m shares, but its price dipped Y2 to Y159 under profit-taking pressure. Mitsubishi Heavy Industries and Kawasaki Heavy Industries also eased, losing Y1 to Y275 and Y2 to Y152

Speculative interest in off-the-book assets sent Heiwa Real Estate soaring Y81 to Y928 on the day's third heaviest trading of 22.33m shares. Tokyu Department Store rose Y26 to Y469 and Mitsubishi Estate finished at Y641, up Y9.

Some blue chips, which had been losing ground because of Japan-U.S. trade friction, rallied on small-lot buying. Sony jumped Y60 to Y4,370, Hitachi gained Y8 to Y635 and Matsushita Electric Industrial closed Y40 higher at

Bood prices plunged after the year dropped against the U.S. dollar. Institutional investors remained on the sidelines and most trading was undertaken hy securities houses. The yield on the benchmark 7.3 per cent government bonds maturing in December 1993 jumped to 6.705 per cent from Saturday's 6.655 per cent.

### INDIA

# **Brief return** after boom in Bombay

THE BOMBAY stock exchange opened for only an hour yesterday following an unprecedented hoom in share dealings last week following India's hudget, writes R. C. Murthy in Bombay.

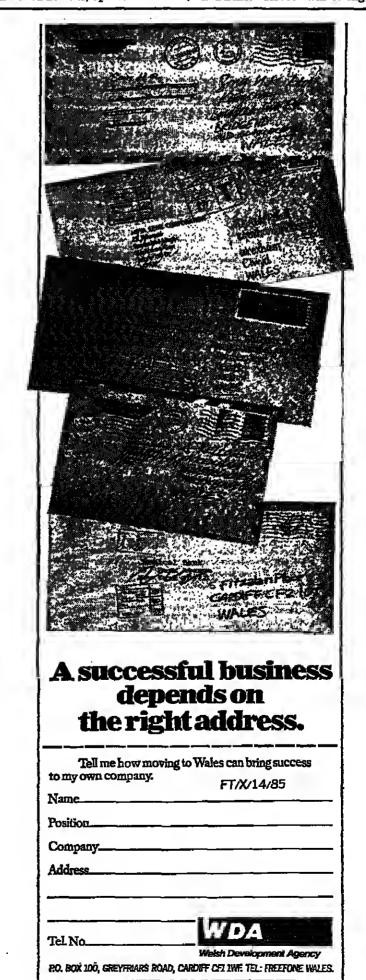
Trading in 55 leading shares was only allowed for squaring-up transactions made before the exchange closed last Thursday night. Normal trading was allowed in other shares during the hour

hut few transactions were made. The restricted trading is to continue for the time being in Bomhay, which is India's largest exchange. It was introduced last week when stock exchange authorities feared that prices would crash once the initial reaction to the hudget's tax cuts and boosts for industry

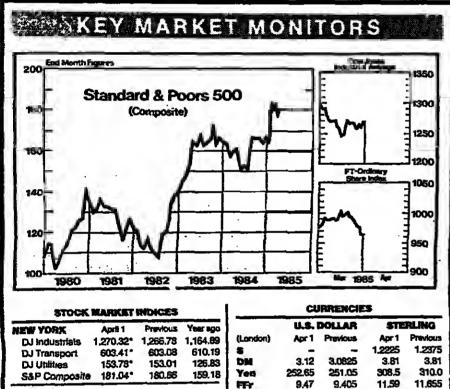
The All-India share price index of the Economic Times, India's leading financial newspaper, had risen from 311.3 just before the hudget of March 16 to a peak

of 335.4 (1970 = 100).
Along with the Calcutta exchange, the Bomhay authorities first suspended the top 55 companies from any new transactions and then introduced further re-

The measures to curh speculation, however, had little impact during the time the Bomhay exchange was open and hullish fervour was strong.



ty in March. But a rise of 1.4 per cent in U.S. construction orders in February Chrysler \$\% firmer at \$35. was greater than expected, as was the 0.7 per cent increase in leading economic indicators in the same month. Federal bonds were quietly firm as the market absorbed the weight of Government paper taken on board at last week's Treasury auctions. Short-term rates hung fire, with enthusiasm dampened by an initial rise in federal funds rate to 81% per cent. KEY MARKET MONITORS Standard & Poors 500



9.30 28.6 524.3 4.19	829.7 523.5 73.71 2,232.66 2,020.2 2,612.8 129.13	651.3 10.05 10.929.1 866.78 750.5 530.6 55.14 - 2,326.0 2,382.1 116.09 181.81
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FT-A Long gill	10.54	10.50	10.05	INTEREST
TOKYO				Euro-currencies
	12,677.15			(3-month offered rate)
Tokyo SE	999.30	999,08	866.78	E
AUSTRALIA				SwFr
All Ord.	828.6	829.7	750.5 530.6	FFr
Metals & Mins.	524.3	523.5	530.5	FT London Interbank fi
AUSTRIA				(oftered rate)
Credit Aktion	74,19	73.71	55.14	3-month U.S.\$ 6-month U.S.\$
BELOTUM				U.S. Fed Funds
Belgian SE	2,249.70	2,252.56		U.S. 3-month CDs
CANADA				U.S. 3-mouth T-bills
Toronto				U.S BO
Motals & Minis	2.035.6*	2,020.2	2,326.0	
Composite	2,615.5	2,612.8	2,382.1	Treasury Ap
Montreal	129.23*	129,13	116.09	Price 400%
Partfolio	123.23	127,13	1.0.03	10% 1987 100%s 11% 1982 100%s
DENMARK	_/-	178.02	181.81	11% 1995 972%2
Copenhagen SE	n/a	1/8.02	101.01	11% 2015 962%2
FRANCE			1007	Corporate Apr 1
CAC Gen	211.4 115.70	211.0 115.40	163.7 86.53	AT&T Price
Ind. Tendance		113.40		10% June 1990 95%
WEST GERMANY			040.00	3% July 1990 73% 8% May 2000 75%
FAZ-Aktien	408.72	408.9 1.180.9	348.69	Xerox
Commerzbank	1,183.2	1,100.5	1,000	10% March 1993 93%
HONG KONG		4 000 04	1 044 99	Diamond Shamrock
Hang Seng	1,389.13	1,382.04	1,014.30	10% May 1993 92%
ITALY			-45 -5	Federated Dept Stores
Banca Comm.	269.54	271.43	218.85	10% May 2013 86.153
NETHERLANDS				Abbot Lab
ANP-CBS Gen	202.8	202.7	161.1	11,00.000
ANP-CBS Ind	165.0	164.5	130.7	Alcos 12% Dec 2012 95.078
NORWAY	·			124 000
Osio SE	308.11	304.B	262.79	FINANCIAL
				CHICAGO Latest
SINGAPORE.	818.24	820,49	994,44	U.S. Treesury Bonds (C
Straits Times	0 10.24			8% 32nds of 100%
SQUTH AFRICA			1 041 0	June 69-25
Golds	n/a	1,053.4 895.1	1,011.0 1,070.6	ILS. Treesury Bills (IM
Industrials	n/a	650.1	1,010.0	S1m points of 100%
SPAIN		=	04.97	June 91.40 Certificates of Deposit
Madrid SE	111.97	111.72	84.37	\$1m points of 100%
SWEDEN				June 90.61
JAP	1,384.50	1,395.30	1,567,26	FONDOM
-				Three-month Eurodolls
SWITZERLAND	414.3	416.4	368.3	Stm points of 100%
Swas Bank Ind				90.18
WORLD	Mar 29	Presi	Year ago 189.0	Conver Metional Gilt
Capital Int's	203.3	202.3	103.0	£50,000 32nds of 100%
ON	D (per o	ince)		June 105-13
, patri	1661 4			

Apr 1 Prev \$321,125 \$330.00

\$320.50\* \$329.60

\$321,25

\$324.35

\$328.50

Zùrich

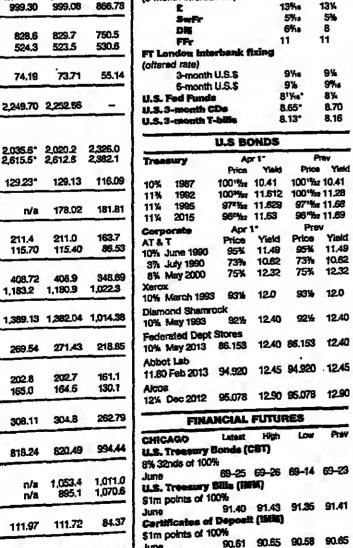
Paris (fixing)

New York (Apr)

\$329.25

\$329.27

\$331.00



2.64

3.515

62.7

1.368

1,990.0

2.6025

3,4825

1,970.5

62.0

1.389

INTEREST RATES

3.23

n/a

n/a

n/a

3.215

4.2875

2,436.0

1.6875

76.65

# WORLD STOCK MARKETS

JAPAN (continued) AUSTRALIA (continued) AUSTRIA Apr. 1 Apr. 1 Apr. 1 108,4 - 1,5 1045xr + 10 198,5 + 5,7 507,9 + 5,1 555 - 0,5 329 564,5 + 2,5 373,5 - 0,5 214,7 + 0,4 164,5 - 0,2 136 + 2,5 552,5 + 8,5 360 + 2 Creditanstait..... Goesse Interunfel.L..... Laenderbank..... 255 426 555 251 402 168 395 BELGIUM/LUXEMBOURG 1,925 6,150 5,530 2,560 267 6,850 3,780 8,950 2,020 3,105 1,560 5,870 2,215 8,055 1,000 11,000 11,000 5,750 -50 -4 +50 -50 +20 -20 -40 +75 1,200 3,360 1,960 7,480 4,410 1,658 4,125 5,250 2,685 HONG KONG +8 Tractionel.... UCB..... Wagon Lits.... Apr. 1 Andelsbanken ... 282
Baltic Skand .... 520
CopHandelsbank 277
D. Sukkerfab ... 545
Oanske Bank ... 272
De Danske Lift ... 175
Forensde Srygs ... 885
Feronsde Pamp ... 118
GNT Nigs .... 435 Tokyo Sanyo ...... Tokyo Styld ...... Tokyu Corp ...... Toppan Prini ..... +5 Apr. 1 Price Topan Prul -Toray -Toahiba Elect.
TOTO -Toyo Serkan -Toyota Motor -Toyota Motor -Yettor -Yacani -Yomaha -Yomaha -Yomaha -Yomaha -Yomaki -Yomakaki -Yokogawo Bdge -2 Banco Com'le,... Bastogi IRBS .... J. Invest.... Centrald ..... Credito Voresino +10 +1 +1 +2 +5 +1 SWITZERLAND JAPAN FRANCE SINGAPORE 1,130 Price for Apr. 1 Apr. 1 Price + or Emprunt 491873 1750 -25 Emprunt 76 1978 8350 -40 Accor 985 -Air Liquid ----- 649 +10 NETHERLANDS -15 -3 +11 Apr. 1 200 +5 165.5 -1.5 212 -2 108.5 -0.5 404 +0.9 210 -2.5 73.9 -0.7 151.9 +9.5 18.9 +0.8 87.5 +0.9 34 177.8 +1.8 114.5 +1 -5 +50 +10 -30 ABN...... AMEV ..... AMRO..... + 10 Hitschi Credit... 1,080 Norda ....... 1,400 Heuse Food...... 589 **AUSTRALIA** Apr. 1 Abercom 1.4 + 0.05
AEACI 7.4 - 0.3
Allied Tech 5 + 9
Angle Am Corp 25
Ahgle Am Corp 25
Ahgle Am Corp 25
Angle Am Corp 25
Bardlaye Sank 14.25 + 0.3
Bardlaye Sank 14.25 + 0.5
CNA Gallo 24
Curriq Finance 55
CNA Gallo 25
CNA Gallo 26
CNA Gallo 26
CNA Gallo 26
CNA Gallo 26
CNA Gallo 27
CNA 71.7 -0.4 97.8 -0.9 71.7 +0.3 158.2 +0.3 45.8 +0.2 199.1 +1.6 151.8 -0.2 205.2 -1.8 102.2 -0.3 268,0 + 1,0 985 + 2 223 - 2 280,5 + 0,9 1,299 - 1 1,694 - 21 824 - 21 824 - 10 1,875 + 10 1,875 + 10 1,4875 + 13 223,2 - 1,8 B.H. Prop. 5.92
CRA 9.06
CSR 2.9
CastlemaineTys. 4 B2
Coles (C.J.) ... 3.75
Comaioe "A" ... 75
Comaiodated Pal 0.48
Costain Aust... 1.60
Ounido Olympie. 2.17
Eld4rs IXL... 3.18
En4rg Res... 1.43

# Kidder, Peabody International

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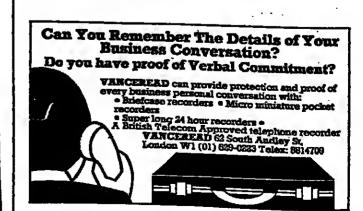
NOTES - Prices on thie page era ce ounted on the individual exchanges end are lest traded prices. \$ Ocalings euspanded, xd Ex dividend, xc Ex scrip iesue, xr Ex rights.

> **Base Rate** The Royal Bank of

Scotland plc announces that with effect from close of business on 1 April 1985 its Base Rate for lending is being decreased from 13½ per cent per annum to 13 per cent per annum

ET EEGLES

(45 T2245)



Gencor General Mining Union Corporation Limited

ted in the Republic of South Africa)

Highlig	hts from the IS	984 Annuk	ol Report and Chairman's Statement
Year ending 31st Decembrance Turnover Group income before toxation Group income after taxation Attributable earnings Dividend per share (cents) Earnings per share (cents)	1984 (R millio 5,196.8 4	1983 ons) (658.8 484.1 399.4 310.6 190 388	The group's income from plat increased dividend on its investm Holdings. Prospects for further gmarket in the coming year remail COAL  The group's coal interests are Corporation which has 10 mines attributable to Trans-Natai shares

Contributions to Gr			
	CELLE	be.	
	ordinar	y stare	Change
	1984	1983	cents
Gold and uranium	125	120	+ 5
Platinum	44	29	+ 15
Coal	22	35	- 13
Base metals and minerals	67	(5)	+ 72
Commerce and industry	27	155	-128
Financial	50	69	- 19
LING KIM	30		- 17
	335	403	- 68
Realisation of investments	6	5	+ 1
Exploration costs	(20)	(20)	
	(20)		
Earnings per share	321	388	<b>– 67</b>

The decrease in attributable income was mainly due to the exceptionally high increase in finance charges which were up by 152 per cent from R213.6 million to R537.6 million. This increase came about from higher interest rates, the weakening exchange rate and increased borrowings. The loans are mainly for the financing of capital projects like the Sappi expansion and Beatrix mine which should earn significant foreign exchange in the future.

### PRECIOUS METALS

The 13 gold mines administered by the group produced approximately 115 tons of gold during the calendar year, which is approximately 17 per cent of South Africa's

Application has been made for the listing of the Beatrix Mines shares on the Johannesburg and London stock exchanges and a rights offer of Beatrix's shares is being made to the holders of Gencor shares and debentures.

After several years of exploration and intensive investigations it was decided to proceed with the development of the Sao Bento gold mine in Brazil in conjunction with Brazilian partners.

Investigations of the Poplar gold project in the Transvaal have indicated that the project is viable, provided suitable arrangements can be made in regard to taxation and mining rights. If it is decided to proceed, indications are that the mine should mill 90,000 tons per month at a yield of 5.5 grams per ton and should have a life expectancy of 20 years. Escalated capital expenditure as at present envisaged would be of the order of R500 million.

The group's income from platinum benefitted from the increased dividend on its investment in Impala Platinum Holdings. Prospects for further growth in the platinum market in the coming year remain favourable.

The group's coal interests are held by Trans-Natal Coal Corporation which has 10 mines in operation. Income attributable to Trans-Natal shareholders decreased by 20 per cent to R37.5 million mainly due to a provision for possible exchange rate losses and a reduction in income due to the sale of the Hlobane Mine in 1983. An anthracite mine in KwaZulu to supply the local as well as export markets is expected to commence production in 1985. Estimated capital expenditure is approximately R86 million.

### METALS AND MINERALS

Gencor now has a 50 per cent interest in SA Manganese Amoor (Samancor) whose major products are exported to the world steel industry. Major benefits were derived from the economic upturn in most developed countries as well

as from the low rand/dollar exchange rate.
Other producers such as Electrolytic Metal Corporation and Richards Bay Minerals have similarly benefitted and the improved sales volumes and prices are expected to continue in the current year.

### INDUSTRIES

The decrease in the profits of the group's industrial division, despite an increase in turnover under difficult trading conditions, is attributable mainly to high finance costs and the weakening of the rand/dollar exchange rate... Total capital expenditure will show a major decrease in 1985. This is mainly attributable to the fact that Sappi's

expansion project is now rapidly nearing completion. It is expected that local trading conditions will continue to be extremely difficult in 1985 and could deteriorate

further before an upturn occurs. However, as a result of measures taken by subsidiary and

associated companies, such as actively promoting exports and ongoing strict management of assets coupled with emphasis on greater productivity, these companies should be in a position to take maximum advantage when economic recovery takes place.

### PROSPECTS

Notwithstanding our expectations of another difficult business year in 1985, the level of earnings should not be less than in 1984. This is due in part to expected contributions to income by new projects which have been developed over the past number of years, as well as the measures taken to prevent a repetition of the substantial foreign exchange losses suffered in 1984. Furthermore, the industrial companies have probably entered the lowest point of their downward cycle, and the mining sector should derive greater benefit from a lower average rand value which is expected in 1985.

London Secretaries: Gencor (UK) Limited, 30 Ely Place, London ECIN 6UA.



If you're on a circulation list you can't rely upon reading the FT the day it's published. But does it matter? The FT's comment

isn't exactly here today and gone tomorrow, is it? Perhaps not for some things. But the really important business issues are developing and changing every day.

Often the FT is covering a situation as it unfolds over days or even weeks, analysing and commenting upon each new feature as it occurs...

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At best give you the reputation of being the company's historian.

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**Vo FT... no comment.** 

# Gilts slip with sterling but equity leaders attempt Account Dealing Dates

Option Deciars Last Account Dealings tions Dealings Day
Mar 11 Mar 21 Mar 22 Apr 1
Mar 25 Apr 11 Apr 12 Apr 22
Apr 15 Apr 25 Apr 26 May 7 place from 5.30 am two business days

The recent pattern of trading ln London stock markets was reshares made a determined attempt to pull out of the previous seven-day decline, but Government bonds parted with some of their post-budget gnins. Sterling was again the key influence on market sentiment. Its easier trend against both the dollar and major Continental currencies encouraged revived interest for international stocks but discouraged fresh overseas demand for Gllt-edged securities.

The latest pointers to UK economic growth, including a prediction of 4 per cent this year by the Confederation of British

short of last week's standards.
Activity continued in special situation stocks, while weekend Press recommendations brought aome response from investors. Most price movements were currency-inspired, however, the prime example being 1CI which rallied from 746p on a combination of domestic and U.S. bear-covering to close hardly changed on balance at 758n.

on balance at 758p.
Closing movements in both the
FT Ordinary share index and
FT SE 100 share index were insignificant with the former 0.5 down at 963.8 and the latter 1.3 up at 1.278.3

Currently dominated by movements in the exchange rate, Gill-edged securities moved lower. Sporadic profit taking from over-seas sources met little resistance seas sources met little resistance and longer maturities drifted back to settle } lower in places. Domestic cash shortages continued and following the authorities' latest' £750m funding, amounced late on Friday, the market appeared adequately supplied with stock. No bids were made for supplies of ather the made for supplies of either the £250m tranche of Exchequer 10; per ceut 1997 or the £500m tranche of Conversion 91 per cent

Windsor Sees. jump .Windser Securities.; highlighted

EQUITY GROUPS

& SUB-SECTIONS

to pull out of seven-day decline 5 to 384p following the annual report, while Stewart Wrightsen pui on the same amount of 612p ahead of today's preliminary results. Reed Stenhouse, at £12%, retrieved % of Friday's decline of 14 which followed 2 Press suggestion that the company is renegotiating merger terms with renegotiating merger terms with Alexander and Alexander of the U.S. Composites made useful progress in reply to Press comment. Ahead of tomorrow's preliminary statements, Sun Alliance gained 5 to 475p and GRE added 7 to 692p. Royals also rose 7 to 592p and General Actident firmed 4 to 600p. Among Life issues, London ond Manchester advanced 15 to 720p, while Prudential, 610p, and Sun Life, 822p, rose 8 and 9 re-

Life, 822p, rose 8 and 9 respectively. Clearing banks staged n modest technical recovery after last week's weakness on Latin American debi uncertainties. NatWest put on 7 to 625p and Barclays 5 to 585p. Elsewhere, Royal Bank of Scotland rallied 4 to 274p.

Dealings started in two personal contents of the pers

by the Confederation of British industry, were noted although the effects were muted by concern over the correct level of UK interest raies. Two of the four main clearing banks have yet to follow the lead set last week by NatWest and Lloyds, and reduce their base lending rates to 13 per cent.

Traders displayed little urgency to open new trading positions ahead of the Easter hollday and volume naturally fell short of last week's 'standards. Activity continued in special situation stocks, while weekend Press recommendations brought some response from investors.

price of 175p.

A rather quiet trading session in the Building sector left quotations showing small mixed movements at the close. Watts Blake Bearne, reflecting satisfactory preliminary results and a proposed one-for-five scripissue, improved 4 to 247p. Weekend Press mention stimulated interest in Manders, 4 higher at 177p. and Benford, o penny dearer at 66p.

In Chemicals, Alida Holdings featured a jump of 14 to 186p following good annual results, following good annual results, while H. Cory were noteworthy for a gain of 3 to 47p.

Mail-orders nervous

The threatened disruption to postal services unsettled Mailorders. Freemans, which revealed excellent preliminary figures early last week, dipped 8 to 198p, while similar losses were evident in Grattan, 170p, and Empire, 98p; the last mentioned is scheduled to announce full-year results today. Press full-year results today. Press comment highlighting asset values and takeover potential stimulated constant inquiry for Sentalis which advanced 24 to 879; Courts A, 112p, and Canters A. 60p, also responded, while Martin Ford, buoyant of late

FT-ACTUARIES SHARE INDICES

These Indices are the Joint compilation of the Financial Times,

the lastitute of Actuaries and the Faculty of Actuaries

Mon April 1 1985

Gross Div. Yield% (ACTM 30%)

hdex No.

FINANCIAL TIMES STOCK INDICES

Mar. | Mar. | Mar. 27 26 23 80.95 81.21 81.10 82.06 83.78 80.74 83.02 Fixed Interest. \_\_\_\_ 85.49 85.53 85.57. 84.68, 84.63 84.64 86.75 Earnings, Yid.% (full) 11.71 11.70 11.55 11.59, 11.42 11.33, 0.86 P/E Ratio (net) (\*)..... 10.41 10.43 10.68 10.58 10.56 10.75 18.20 Total bergains (Est.) 29,777 25,513 05,687 25,962 96,697 07,782 50,502 Equity turnover £m. — 635.41 456,00 669,32 342,83 288,93 370,83 Equity bargains ...... — 82,597 23,527 24,008 24,266 22,110 08,948 Sharce Iraded (mi)... - 127.5 657.7, 121.2 184.8 166.5 161.6 10 am 963.8. 11 am 964.5. Noon 964.3. 1 pm 964.3.

2 pm 964.3, 3 pm 965.2. Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. 8E Activity 1974.

Latest Index 01-248 8026. "NIT-10.08, HIGHS AND LOWS

					INDIC	CES	
	1984	85	Since Co	mpliat'n	! !	Mar. 29	Mar. 28
	High	Low	High	Low	Daily Gilt Edged . 1		;
Govt, Secs.	83.77	74,78	107.4	49.18			171.1 162.4
Fixed Int	87.48	80,43	150.4	60.63		677.9	921.7
O		866 7	12000 E		GILL Edged		•

S.E. ACTIVITY

results, while Microgen came on offer at 320p, down 20. Micro-vitee jumped 8 to 78p in response to Press comment and

Chloride hardsnad a couple of

pence to 36p for the same reason. Energy Services rose

6 more to 960 awaiting further developments in the bid situa-

With the exception of Vickers,

which improved 7 to 253p on currency influences, movements in the Engineering leaders were insignificant. Elsewhere, Laird Group responded to satisfactory

annual results with a rise of 9 to 170p, while the preliminary figures and proposed one-for-two scrip issue left Spirax-Sarce 4 to the good at 275p. Camford, reflecting favourable Press mention edged up 11 to 35in but

profits forecast, rallied 13 to 273p, while Home Charm, still benefiting from a recent recom-mendation, advanced 8 more to

Early interest among leading Stores centred on Debenhams, which touched 218p before clos-ing only 3 up on balance at 215p, following Press suggestions of a

Thorn EMI, 12 better at 408p, regained composure after last week's fall of 34 which followed 6 brnker's bearisb circular. other is bearish circular. Other Electrical leaders, bowever, drifted alightly lower. Further centious comment ahead of the 40p call, due on the shares in June, left British Telecom a penny lower at 140p. GEC eased 2 to 184p as did Plessey, to 190p. Elsewbere, Plessey, to 190p. Elsewbere, Oceanics swung wildly in active trading following the move whereby founders, Messrs Aird and Ailen, bave put the com-pany up for sale to a suitable cash-rich bidder; the shares soften insurance sector, riting following similar mention, so to 60p, after 62p, on the attracted "call" option business announcement that Lander in the Lloyd's broker to nearly in the cash-rich bidder; the shares cash-rich bi

Ties March 26

Index No.

Ma.

Leading Foods displayed no set trend after a moderate turnover. J. Sainsbury added 4 at 314p. but Rowntree Mackintosh softened 2 couple of pence to 408p. Elsewhere, Albert Fisher

rose 6 to 130p as buyers began to show increased interest ahead of the interim results, scheduled Prince of Wales Hotels fell 12 to 100p on news that Taddle Investments bad placed its entire 51 per cent stake in the company with various institutions at

around 85p per share. Geo. Wills advance

Leading miscellaneous industrials traded quietly and ended the day on a slightly easier note. Elsewhere, George Wills, reflecting further consideration of the preliminary figures, advanced smartly to close 20 higher at 151p. Pearson traded Strolly at 705p. up 12 colleging

Courtney Pope, which advanced 20 to 355p, while Stocklake were supported and put on 8 to 143p. Weekend press mention stimu-lated a rise of 4 to 84p in Dominion International, Cookson rallied 10 to 565p ahead of Wed-nesday's preliminary statement, while Associated British Ports, scheduled to report annual results the same day, edged up s few pence more to 247p. Jaguar, a beleaguered market

recently reflecting sterling's buoyant performance against the dollar, rallied 5 to 300p. Conditions elsewhere in Molor sectors were extremely subdued, although Kwik-Fit rose 3 to 35p following favourable comment. Dealings in Manor Netional were suspended at 124p pending an approximent.

suspended at 124p pending an announcement.

A couple of noteworthy features emerged among novertising agencies and related counters. Scatchi and Scatchi improved 15 to 890p after winning the UR account for the McDonalds hamburger restaurant chain. Valia Pollen closed 5 similar amount to the good at 455p following the acquisition 455p following the acquisition of Dutch corporate communications group Thomas and Kleyn.

Lowe Howard-Spink were also wanted and firmed 10 to 288p, while a press mention lifted Aidcom International, 3 to 105p.
in contrast, Howard and Wyndham slumped 10 to 40p. albeit

Security (Matthew) Valor

Se

Slough Estates gained 5 to 135p on consideration of the £46im Gory ctoracal property revaluation surplus announced with the annual results. Elsewhere in a quiet Bentule Cantor A Property sector, Stock Conversion rallied 5 to 453p. rallied 5 to 453p.

Continuing speculation of a bid from P & O — fuelled by the weekend Press — lifted Ocean Transport 4 more to 187p; P & O were unchanged at 345p. Elsewhere in Shippings, liquidation of speculative positions cliped 3 from Rearden Smith, at 24p, while the A shares were similarly cheaper at 12p. Lyle, however, hardened a couple of pence

larly cheaper at 12p. Lyle, however, hardened a couple of pence to 17p; the Bank of Scotland now controls 6.35 per cent.

Textile movements were generally confined to the more speculative issues. R. Smallshaw advanced 4 to 47p following a newsletter tip, while occasional interest was forthcoming for Atkins Bros. 6 up at 134p. Albert Martin, annual results due to-

Martin, annual results due to-morow, hardened 24 to 57p, but sellers predominated in Robert e, 4 off at 20p.

Tricentrol up again Dealers reported a disappoint-

tion, edged up 1½ to 35½p, but Planet Group eased 2 to 30p fol-lowing the full-year statement. Helped by reports of a surge in machine tool orders, Jones and Shipman improved 24 to 72p and TI 4 to 242p. Elsewhere, bid hopes left Birmld Qualcast 24 ing level of activity in leading nils which eased early on before staging a minor recovery in the late afternoon. Shell were finally 8 better at 714p, oided by the rise in the dollar against sterling but BP ended the day a couple of pence easier at 537p, ter 535p. Weekend press comment on

the near-5 per cent stake held by Akroyd and Smithers and the sibility of an immioent takeover bid by Enterprise Oil con-tinued to direct ntiention to Tricentrel which rose 5 more to a year's bigh of 238p Second-line issues were featured by Petrolex which jumped 8 to 83p, after a 1984-85 high of 84p reflecting the profits

recovery detailed in the defence document to the 75p cash bid from Clyde Petroleum; the latter hardened 2 to 97p.

Golds lower

The dollar's rally halted the four-day rise in mining markets, in particular South African Gold firmly at 705p, up 12, following shares. Bullion opened on 30 acquisition news; the preliminary statement is due today. On the statement is due today. On the other hand, Christies Intersational, also awaiting annual off at \$321.125 an ounce. results today, gave op 9 or 596p.

Buying in 2 limited market up 7.7 to 507.5.

Among the leading heavy-weight Golds, Vaal Reefs were 6 notable weak spot and retreoted to close £34 off at £781, while falls of around a point were common to President Brand, 522] and President Steyn, £25]. One or two features emerged in the chesper-priced issues.

South African Financials showed minor changes in a critical issues were highlighted by marked weakness in Rio Tinto-Ziac which slipped heat to elected. Ziac which slipped back to close 12 down at 648p ahead of pre-liminary results expected around the middle of this month.

the middle of this month.

Australians traded quietly
uotil mid-morning when the
gradual weakening of the bullion
price prompted a flurry of selling pressure. In Golds Central
Norseman fell away to close 15
cheaper at 403p, Gold Mines of
Katgoorlie dipped 10 to 420p and
Foscidon 7 to 211p. North
Kalgurii lost 34 to 41p. CRA were Poseidon 7 10 211p. North Kalgurii lost 31 to 41p. CRA were o vulnerable market among leading diversified issues and gave up 10 to 336p while Western Mining fell 6 to 223p, and Peko-Wallsend 8 to 228p.

Lacklustre conditions prevailed in Traded Options. Total con-tracts struck amounted to a meagre 3,985,

**NEW HIGHS AND LOWS FOR 1984/5** NEW HIGHS (59)

Watts Blake Bearne (3)
CHEMICALS (3)
Wolstenholme Rink Beattle (J.) A Bernalis Benatic (String Charm Rateers Cantors A

Cantors A ELECTRICALS (5)

Downging & Mills Telecompating Energy Services Scholts (G. H.)

Energy Services VG Impruments Scholts (G. H.)

ENGINEERING (8)

Braham Millar Metairax 500 Group Tacks (F. H.)

Lift (F. H.) Williams Hidgs.

Appledore (A. & P.) Sale Tibey
CVD Inc.
Copeo Aliman Wade Potterle
Courtrey Pope
INSURANCE (1) Windsor Secs. LEISURE (3)
Tolevision Services First Leisure Toleran President Emertains. PAPER (1) Valin Police Intl.
PROPERTY (4)
Priest Mr Land Investors Priest M Lond Edinburgh Tst. Rosehaur SHIPPING (11 Ocean Transp SHOES (1)

Lambert Howarth
Festar (John)
Smaltshau (R.)
Festar (John)
Smaltshau (R.)
Festar (John)
Smaltshau (R.)
Festar (John)
Festar (Joh

ENGINEERING (1)

Ash & Lac INDUSTRIALS (4)
CSR
Clorke (Cler
PAPER (1) Addison Page PROPERTY (1) Cors. Tern laws

Exchange Offisi	List.		
	No. of	Fri.	Qey's
Slock	changes	close	shangs
Woolworth	22	780	+33
Claxo		£107	7
ICI	18	781	-12
Osita Croup	12	155	+ 7
Srit Aerpepace	15	423	+ 2
Prudential	15	802	- 2
BTR		685	- 7
Beecham	13	365	- 7
Brit Telecom	13	141	- 3
Cable & Wire	13	505	-10
Legal & Cen		683	-15
Lonrho	13	177	+ 5
Shell Trane	13	706	+ 8
PAT Inde	17	323	— K

EQUITIES 

**FIXED INTEREST STOCKS** 

RECENT ISSUES =

price £	Amount peld up	Atset PRURO, date	198	4/85	Stock .	Olosing price &	+ 01
	22	250	Hioh	Low		50	
91,574	£30	104	65		African Dev. Bank 1115 Lh. 2010	35%	—3g
\$101 55.81	251 250	16/2	54 51	50 24	Int. Am. Dev. Dk. 94 Lp. 5015	521g	i
	F.P.	2.3	1034 1024 124	10012	Mid Kent Wtr. 1213 Red. Deb. 1993 Do. 1243 Red. Deb. 0005 Mid Southern Wtr. 25 Oed. Prt, 1990	1024	
1974	P.D. F.D.	- !	10014 300 120	984	Mid-Sussex Wtr. 18% Deb 2010	1004	+ 14
44	F.D.	26/4 26/4	111	103	REA Hidgs, 92 Cum. Pref	96 106	47
49,895 21,976	F.P.	10/7 27/3 12/4	9676	8912	Sweden 11% Ln. 2012	9614	-14

RIGHTS OFFERS

lssue price	mount sid up	Latest Renunc.	1964/86		Stock	Olesing pride	4.
	44	100	High	Low		5 4	Ĺ.
2 178 225 65 A\$2 58 245	F.P. NII F.P. NII NII NII	28.4 — 1-17:5 16:S 51:3	16pm 275 285pm 48pm 10pm 78pm	15pm 235 166pm 40pm 2pm 67pm	#Acorn Computer 1p Bespak 10p Bloby (1) 50p Bullough 20p GSO A\$1 FKI Electricals 10p	15pm 233 186pm 41pm 2pm 63pm	- 34 - 22 - 22 - 22 - 22 - 23 - 24 - 24 - 24 - 24 - 24 - 24 - 24 - 24
238 70 134 185 A\$0,2 650	NII F.P.	26/4	583 5pm	12 1712pm 212pm 360	Giass Clover Sp	15 17 12 pm 8 12 pm 360	
33, 120 616 138 240	F.P.	12/4 31/6 12/4 14/6 13/5	71epm 65pm 804 68pm 20pm 28pm	364pm 1254 22pm 11pm	Ryan Intl. 5p	71-pm 68pm 198 22pm 11pm 05pm	

Resunciation dete usually last day for dealing tree of atamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1984. Q Cross. p Pence unless otherwise indicated. I issued by tender, § Geared holders of ordinary eheres as e "rights." "I seed by way of capitalisation. §§ Reintroduced. It issued in connection with acorganisation marger or takever. Allotment latures or fully-paid. §§ Introduction. §§ Unitated Securities Market, § Plasing price. T Figures assumed. If Official London Listing. 10 Cest in under Rule \$35(3). 1 Comprising 100 Pri and one Fig. shere. e Figures or report eweited. ‡‡ Unite comprising 5 Ord., 1 Warrani and £2.50 nominal of conv., stock.

**OPTIONS** 

Deal- Declara- Settle-ings tion ment ings For rate indications see end of Plan Share Information Service

Money was given for the call of Barratt Developments, New Totals ...... 587 574 1.542 London Oil, Sound Diffusion. Star Computer, Alpins Soft Drinks, Norfolk Capital, Oceonics, Tranwood, Falcon Re-sources, Martin Ford, Southwest sources, Martin Ford, Southwest Resources, Sellacourt, John Brown, Berkeley Exploration and Production, Duport. Westland, North Kalgurii, Charter Consolidated, Marks and Spencer, Castle (GB), Amstrad Consumer Electronics, FKL, A. F. Bulgin, Bardsey, Inter-City, Cifer and Dufay Bitumastic. No puts were reported, but a double option was struck in Amstrad.

RISES AND FALLS YESTERDAY Anancial & Props...

Soft ACTIVE STOCKS

•	Above average activity		
•	the following stocke ;	esterde)	
C		Closing	Cheng
ı	8 tock	price	cheng
ı	AAH	142	- 7
	Bantails	87	+24
	Brown (Matthew)	443	+ 1
7	Bullough	251	-22
,	tcl	758	- 3
	New London Oil	210	~
	North Kalgurli	41	<b>— 31</b>
1	Dosan Transport	187	+ 4
٠	Osconics	113	-25
•	Rotaties:	180	- 6
ı	Shell Transport	714	+ 2
	Toloutolou Condone	225	122

EUROPEAN OPTIONS EXCHANGE

Şei	ries		last	Vol	Last	Yol.	ov. Last	Stock
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			June	Se		De	g.	
SILVER O BIFL O BIFL O BIFL O BIFL O BIFL O BIFL O BIFL O BIFL D BIFL P BIFL P BIFL P	8700 FL845; FL356; FL360: FL3670; FL373; FL385; FL385; FL383; FL383; FL383; FL383; FL383; FL383; FL383; FL383; FL383; FL383; FL383; FL383; FL363; FL3	520 118 97 47 94 10 13 7 21 166 121 67	14.50 11.80 9.10 7.30 5.80 4.30 2 3.50 2.40 2.50 1 0.80 6.80 6.20	50 50 10 10	7.50 n 6.20 n 6.20 n 8.70 B	10 10 145 10 17	14.50 a 12.20 a 10.60 b 7.50 a	5
SIFL P SIFL P SIFL P SIFL P SIFL P	FL350 FL350 FL360 FL370 FL380	96 20 325 12	0 11 14 15.80 22.60	15	15 A 18,60 A 20,40 24 A 38 A		22/	
SIOM C LIS C LIS P LIS P LIS P LIS P	0M.630 \$116 6105; a110 \$115 \$120	76 3 25 20 50	3.20 8.70 A 0.40 1 4.60	_	9.20	50	5.201	DM811.80 is 122.35
			.pr.		Jul		Oct	
ABN C ABN P AEGN P AH C AFGN P AH C AKZO C AKZO C AKZO C AKZO C AMRO C A	P1.400 F1.380 F1.150 F1.180 F1.280 F1.110 F1.175 F1.70 F1.190 F1.190 F1.50 F1.60 F1.60 F1.60	41 50 115 16 50 42 454 107 3 6 47 37 145 152	7.80 0.70 33 6.90 0 2.10 2.30 0.60 0.40 0.90	7 177 79 685 578 36 121 4 32 42 103	14.60 B 8.30 7.50 2.60 A 7.60 2.60 3.20 3.20 4.10	4 0 78 50 15 3 50 10	10 	FI.404 FI.183,59 FI.212 FI.168,60 FI.73.60 AFI.181.50 FI.156,59 FI.67.50
KLM C KLM P NEDL C NATH C NATH P	FL60; F1.55 F1.190; FL70; FL70; FL60	35 46 154 120 216	0.50	95 10 961 856	3.40 2.20 A 7.10 5.50 4 1.80	14 6 322	10 5	FL 183.50 FL 59.40 FL 57.50
PRIL P ROC RDP ROBE C ROBE P UNIL C UNIL P	FL50- FL190 FL210, FL73 FL73 FL340 FL320	18 17	2.50 12 11.50 A 3.70 3.50 0.40	65 60 08	11.50 6	188 10  100 0	4.60 20 4.40 13	F1.341.00
TOTAL VO	LUME IN C	SONTR	MCT: 21	1284				

A=Ask · 8=Bid N=Call

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_				-	_		+	12.20	545.22	549.15	550.10	551.17	517.51
1	CAPITAL GOOD	( <b>287</b> )		544.00   581.3		12.77	4.06 5.82		561.51	503.32		503.45	514.91
2	<b>Dullding Material</b>	s (23)	704			13.18	5.66		708.47	700.77		499.38	763.54
3	Contracting, Cons	naitrian c	271	1556.7		9.82		13.8E	1558.56		1564.90		1784.37
2	Electricals (15) Electronics (36)			16/18.1					1672.38		1492.76	1783.41	1754.37
?.	Mechanical Engla	nerine (6	2)	305.34		33.83	4.42	18.78	384.80	305.48			245.85
i	Metals and Metal	Farming	(8)	196.00					196.67	196.A2		178.26	204.35
5	Motors (17)			162.6				9.00	161.35			164.81	149.57
0	Coher Industrial M	laterials (	G6)	_ 931.74				17.18	929.96 630.84	939.89		954.50 638.77	686.41 524.23
2000	CAUCHINET SE	ar ar	//	633.5		12.05	4.79		560.28	562.82			512.52
2	Brewers and Disti	BAYS (23)		495.4			4.82		500.72	503.23			405.87
3	Food Manufacturi Food Retailing (1	بر بريا 10		1479.1			2.44		1492.28	1492.65	1482.23		1221.52
2	Health and Hease	beld Pred	tects (9)			5.99	2.72	19.50	997.66	1014.26	1023.52		767.24
•	1 -learn (22)			_ 1 666.83	s  —	8.74			667.00	668.95			676.39
-	Stansoners Publ	lishing (1	2)	1755.0					1752.52			323.09	266.33
2	Pariculant and Pa	eer CLAX.		- 3500					315.60 590.94	315.46			484.28
	. Carrer (44)			_ 590.10					319.41				293.05
5	7extiles (29)			363.4					853.80	863.18			605.42
	Tebacces (37			673.2					675.98	683.44			448.22
1	STREET SECURE	477 J		749.5			4.87	8,98	750.74	763.85	764.63	775.90	
2	CHEROLOGIC LAT I	(4)		174.7		7.48	4.73	16.56	177.92				
4	Office Equipment Shipping and Tran	ment (1)	D	1153.0	+4.7				11/5.12			113441	
2					-0.6	7.22			238.21			846.10	
ě.	Telephone Netwo	ries (2)		824.2	_						858.21		6.0,
•	INDUSTRIAL OF	HANT (4	3)0	829.1	_				628.82				515.5%
ā	Olts (17)			1170.2									1095.77
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25	Baris (6)	3)		543.0			5.50		340,75	345.64	345.68	338.04	291.43
5						7.33			1141.79	1177.00	1361.76	1193.00	735.41
7	immerance (Broke	73) (//		227.8	11 -	_	4.19		227.88		229.91		
3	Merchant Buds (Property (50)			636.9					634.72				576.23
2						8.35			284.91				267.A3
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							4 Med		5 years	****	תנו	11.67	10.56
	Silly bliving			116.41	-	2.94	5 Com	1005	15 years		15.99	10.93	10.52
1	5 years	DYG	+4727			3.45	6		Z years		18.42	10.57	18.72
	3-15 years	125.04	-8.32	128.61	8.16		7 High		5 years.		11.30	11.75	10.78
		100	-0.35	136.37	-	2.83	8 Com		15 years.		28.54	10.50	18.09
3	Deer 15 years			148.61	_	142	7		25 years		18.06	10.01	9.45
4	ter adat etablet	348.05	-4.54		8.06	3.06		deermbies.		1	12.09	12.02	11.24
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-				189.54	_	2.39	12 100	-	25 year	3	11.56	11.55	11.35
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a Corrected figures for 29/3/1985.

Financial Times Tuesday April 2 1985

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Wanglo Utd, Dev
Wanglo Utd, Dev
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90 -1 | REGIONAL & IRISH STOCKS | The following is a selection of Regional and trish stocks, the latter being model in Irish currency. | Albany lov 20p | 102 | Aroset. 174 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | 176 | Far Wei

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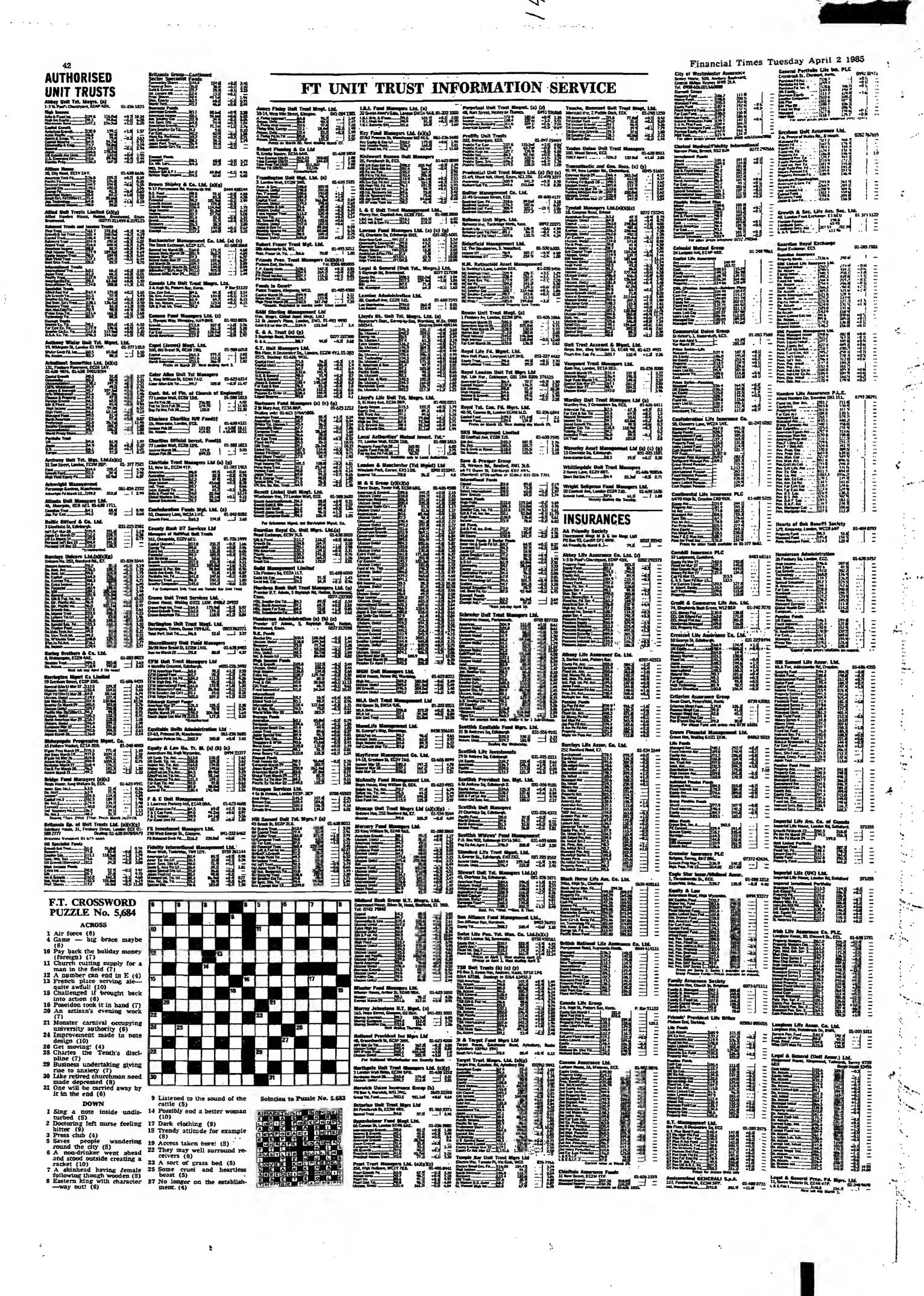
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Spottish Maturi Assurance Society 109-51 Viscon St. Shorow. 041-246 4321 0912 52155 0534-72156 437.1 7364 o pi Anaretti Sa, Ed biberi Espiriy International Property Plade Inderest College Control of the College Colle 9555 1214 1251 1073 1133 1179 124 12769 186 186c Ca Ltd , Weeder, 5t4 186 1271.0 2201 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 ## Company St. | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 1 Vanhrugh Life Assurance 41-43 Maddox St., Ldn. W1R 9LA Merc Sic Micr Mar 28 ... 23.14 23.73 Merc Sic Microscy Money Mariet 1, 1798 Ltd 1, 10.04 15.5 15.45 15 ### 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 10 H-& & Bross Pens, Fancy Link, balk, On. 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## London tea values at lowest level in 18 months

THE DECLINE in toa prices continued at the London auctions yesterday with values alipping to the lowest levels for nearly 18 months. The indica-tive price for medium quality teas was cut by 8p to 224p a

demand is reported to be still good for hright, liquoring teas, there was a lot of unwanted plain to a around that is marked down in price each week.

The London Tea Brokers Association said there were 43,247 packages on offer at yestsrday's sale, including 12,600 packages in the offshore

Assams met with a limited enquiry and lost 10p to 14p with a number of withdrawals. with a number of withdrawals, Bangladesh teas were generally 10p to 15p lower with poorer qualities neglected. Africans atarted 5p to 15p easier hut closed 15p to 20p lower with plainer teas unwanted and mainty withdrawn. A few hetter quality Ceylons sold well but medium two irregulars with the programme of the sold programme. but mediums were irregular and often 10p easier. Offshore teas attracted limited demand, except for brighter descriptions which were firm. Others, were sold, shed 10p to 15p.

 Colombo—Iodia's decision to reduce its minimum tea export prices will further depress Sri Lankan tea prices, Colombo tea broker Eastern Brokers said reports Rauter.

It noted in a market report that India has cut minimum export price to 31 rupees per kilo from Rs 35.

Average prices at the Colombo auction bad fallen Rs 12 a kilo since February, it Trade sources said the decline was due to oversupply on world

# Zinc producers lift European selling prices

ZINC PRODUCERS lifted their European selling prices yester-day, but to different levels. Metallgesellschaft, of West Germany, started the ball rollteas was cut by 8p to 224p a kilo and low medium quality teas by 10p to 178p a kilo.

Traders said the auctions continued to be depressed by a surplus of supplies, particularly of plain (low medium) teas. India was exporting more than expected earlier in the season and hisre were record crops in and htsre were record crops in although soms producers an-African tsa-producing countries nounced an initial increase to following excellent rains. While \$940. This time the "hawks" are expected to win the day and back Billiton's move to \$960.

Last night two other companies, Noranda of Canada and Penarroya of France put their prices up to \$960. prices up to \$960.

According to producers, there is a genuine shortage of zinc sunplies on both sides of the Atlantic at present. Persistent buying by China and the Soviet Union, as well as good demand in Europe and the U.S., has reduced stocks beld by proLONDON METAL EXCHANGE WAREHOUSE STOCKS (Changes during week ending Mar. 29)

(tonnes)
-2,825 to 116,175
-3,675 to 89,500
-2,175 to 49,300
-156 to 5,550
+140 to 21,140
-350 to 32,925 (ounces) +180,000 to...53,898,000

ducers to a very low ebb. A scarcity of nearby supplies, especially for delivery just before Easter, helped push the cash price of standard grade zinc np by £32 to £790.5 a tonne on the London Metal Exchange yesterday. The three months prire gained £17.75 to £736.5 partly reflecting the easier trend in sterling, but also signs that the "squeeze" on supplies available to the market is now extending to delivery dates after the Easter bollday too. The weaker trend in sterling brought a generally firmer trend

## **EEC** to prosecute Britain over ban on milk imports

BY IVO DAWNAY IN LUXEMBOURG

milk from the Continent as an unwarranted restraint on trade. Dairies fear, bowever, that if the UK loses on fresh milk it will be flooded with cheap im-ports from the Netherlands and France, resulting in the death of doorstep deliveries and lower overall consumption.

The Ministry of Agriculture said yesterday it would fight the action on the gazands that Continental milk fails to meet Britain's rigorous bealth stan-

THE EUROPEAN Commission on ultra beat treated (UHT) is to press ahead with legal milk, though subsequent in-action against Britain's ban on imports of fresh pasteurised the UK market. The case bas been expected following a ruling by the Com-mission's Isgal staff last December which found the ban to be a prima facle breach of Community rules on the free exchange of farm goods.

Technically imports are not banned, but face treatment and rebottling regulations that make importing uneconomic.
Britain will argue in court that it is seeking to regularise the position in talks on common dairy hygiene standards that Two years ago, the Commission successfully prosecuted ment since 1968. The court of Britain for similar restrictions is expected to take a year. bave dragged on without agree-ment since 1968. The court case able rate borrowers will be

### **World sugar** stocks forecast to rise again

By Richard Mooney

WORLD SUGAR stocks, already world Sugak stocks, already at about 38m tonnes, or nearly five months' consumption, are tikely to rise another 2.14m tonnes this year, according to the latest estimate from C. Czarnikow, the influential London trade house.

In the March edition of its sugar review, Czartikow puts 1984-85 world production at 98.45m tonnes, up from 96.24m estimated in its November review. The 1985 consumption figure is now estimated at 96.31m tounes, compared with 96.06m in the November review.

The increased production stimats, which reflects a estimats, which reflects a general improvement in crop prospects, is no great surprise to the market. Traders have been steadily upgrading their output projections in recent

Czarnikow expects world supply to fail short of demand next year, but only by about 1m tonnes, it warns, moreover, that this prediction is extremely tentative at this stage. At this time last year most analysts expected 1985 consumption to exceed 1984-85 production by Im or 2m tonnes.

Im or 2m tonnes.

InDIA'S sugar exports are expected to fall to 156,000 tonnes in the year to September from 814,000 in 1983-84, Mr P. A. Sangma, Minister of State for Commerce, told Parliament. The expected decline was due to low sugar carryover stocks, increased domestic consumption and a steep fall in output during 1983-84, he said.

INDIA will sell 170,000 tonnes of iron ora to China in the year to March 31 1986, and 2m tonnes each in 1986-87 and

1987-88, a government trade official raid.

• UK intervention grain stocks passed 4m tormes in the week ending March 30, the Home Grown Cereals Authority said. • THE AGRICULTURAL Mortgage Corporation has cut the interest rate on all new variable rate loans from 15.5 per cent to 15 per cent to reflect the recent reduction in market

Hybrid varieties offer the promise of yet higher yields

# Wheat set to reap benefits of good breeding

WHILE BRUSSELS officials and agriculture ministers grapple with the problem of the EEC's grain mountain, plant scientists are hending their minds to the creation of yet higher yielding varieties of rereals.

Over the past 20 years UK wheat yields bave increased from under 4 tonnes per hectares to a record 7.6 tonnes per hectares to a record 7.6 tonnes per hectare last harvest. It is estimated to be the production of hybrid wheat varieties by the end of the decade.

For reasons not fully understood, are reckoned to have the adulty to wheat varieties by the end of the decade.

For reasons not fully understood, hybrids—the first stood, hybrids—the first success that today Maris Hunts—man has been replaced by a new generation of varieties. Their secret is a shorter, stiffer straw better able to cope with the modern farming regime of high fertiliser inputs.

hectare last harvest. It is esti-mated that more than 60 per cent of the increase was the result of improved varieties. There is every sign that this improvement in the genetic base of the rereal crop will continus and sven accelerate.

A clutch of new varieties combine excellent yield with much higher grain quality.

Already there are new varieties of wheat being pre-pared by seed merchants for pared my seed merchants for release to farmers over the next two aowing seasons. These will raise standards dramatically. In the longer term, new tech-niques are being employed by breeders which promise a quantum leap in both yield and quality of rereal varieties. Much of the breeding work which has made winter wheat

so attractive to British farmers has been done at the state-run Plant Breeding Institute in Cambridge. A highly successful programme there produced, in 1972, the variety Maria Hunts-

story.

An increasingly close working relationship between hreeders and chemical companies is producing startling results.

The most immediate is likely

But progress in conventional plant breeding is only half the

per cent. In barley, however, the plant

breeding progress has been much les marked; apart from

wheat varieties by the cnd of the decade.

For reasons not fully understood, hybrids—the first generation progeny of different varieties — perform more strongly than in-hred lines. This "hyhrid vigour" has been widely exploited in livestock breeding, borticulture and some other agricultural crops, notably maize. fertiliser inputs.

Those varieties are now under unize. Until recently, however, it has threat from another clutch of wheats which combine their

not been practical to produce hybrids of cereals. Now that has changed. Chemists at Shell and wheats which combine their excellent yield with much higher grain quality.

Next autumn farmers drilling the new wheats, Brimstone and Moulin, will be able to grow a milling whest scan which deals. Rohm and Haas have independently developed chemicals which include male sterility and thus allow field-scale production milling wheat crop which yields as well as a crop of feed wheat. The older hread-making types carry a yield penalty of at least of hybrid seed.

The two companies last year entered competing varieties of entered competing varieties of hybrid wheat into official trails in the UK. If all goes well the first seed could be commercially available in 1985 or 1989. In France, where the pro-gramme is further advanced, a small amount went on sale last

much les marked; apart from some quality improvements, breeders seem to have reached a plateau. The implication is clear: other things being equal, wheat (the main surplus grain in Europe) will prove increasingly attractive to farmers in comparison to barley.

But progress in conventional antumn.
The cost of producing these hybrids is high. The seed will retail at about three times the normal price—or well over £500 a tonne at today's prices. But if this new generation of read deliver the 15 per cont

seed delivers the 15 per cent increase in yields which trials indicate, the high price will be worth it. Hybrids, like Maris Huntsman before them, could raise the national benchmark of yield

ing particular descret charac-teristes into new varieties.

The use of molecular biology to improve certal varieties. could increase disease resis-tance, boost protein content and perhaps even allow cereals to manufacture their own mirogen fertiliser—as well as simply raising yield.

A close relationship between breeders and chemical companies is proretationship ducing startling results.

This work is at a very early stage. Scientists have yet to find a way of successfully transfer-ring isolated genes into vereal plants, although this has been done with potators and tobacco. But it is the potential of these new techniques for the production of higher performing—and higher value—seed which first behind the current interest of chemical companies in the seed

business.
ICI's recent purchase of a substantial minority holding in the U.S. company Garst Seeds was

# Late spring dampens hopes for Soviet grain crops

BY PATRICK COCKBURN IN MOSCOW

THE LATE arrival of spring in the Soviet Union is posing a problem for winter and spring grain crops, say senior Soviet agricultural specialists. The late spring may lead the ripening of both winter and spring crops to coincide with the period when the country usually experiences drought and dry winds, says Mr Alexander Nikonov, president of the Academy of Agri-

cent of the Academy of Agri-cultural Sciences.

But the outlook for the Seviet grain crop at this stage is still positive because thick

now cover during the winter has protected winter grain from cold and is providing moisture in the early stages

The grain crop has been poor in the last two years. In 1984 production fell to 170m tons, compared with a target of 240m tons, the shortfall being made up with imports worth \$6.5hn. The authorities' determina-

tion not to cut herd numbers means that livestock will con-tinue to be fed on imported

grain if meat output is to be raised.
The thick snow means that

there is little need for replanting, but the delay to the spring sowing could become serious if it continues for long. One collective farm in the Odessa district in the south of the country which had completed the sowing of early spring the sowing of early spring crops by March 7 in 1984, had not even started sowing by the last week in March this

year. Meanwhile, India,

has become seif-sufficient in food after humper barvesis in the past two years, will ex-port 500,000 tonnes of wheat to the Soviet Union this year. Blrendra Singh, the Feed Minister, also told parliament India bad donated 22,021 tonnes of wheat to dronghtbit African nations, and was committed to supplying another 80,000 tounes. Indian food grain production in the fiscal year which

ended on Sunday was estlmated to be a record 150m

### LONDON MARKETS

THE REVERSE suffered by sierling on the foreign exchanges yesterday sparked a substantial npture in coffee values on the London futures market. With further npward pressure being provided by operators covering short sales made during the recent beavy decline, the July position suded the day £34 np at £2.247.50 a tonne.

The tone on the cocoa mar-ket was bearish, bowever. sparked seiling in London which was accelerated by the easing of recent concern abont a possible squeeze on supplies available for nearby delivery. The Jnly position and £13.50 down from Friday's close at £1,973.50 a

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### GOLD

	Gold fell \$8" to \$3204-3214 on the
	London bullion market yesterday. It
	opened firm s1 \$328-32812, just short
	of the day's peak of \$3284-3284, but
	then weshaned as the deliar showed
•	
	signs of recovery on the foreign
•	exchanges. The metal was fixed at
	\$324,65 in the moming and \$321,10 in
i	the afternoon. It fell to a low of \$317-
	319, but selling pressure eased as a
	technical support level was approached.
	with short-cavaring also halping gold
	finish comfortably above the day's low.
	Johnson, above ble oby a low.
	COLD BUILDING AUTON ATT 1
	GOLD SULLION (firm ounce) Apr. 1



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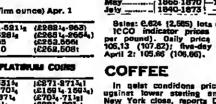
OILS	Apr. 1	+ or	Month ago
Coconut (Phil) Pulm Malayan	3850v 3650y	+10  +16	\$780 \$605
SEEDS			
Copra Phil Soyabean (U.S.)	\$500w \$251,75	+ 0.76	\$500 5 \$239,5
ORAINS			
Barley Fut. Sep	€98.40	-0.0	E118.50

	Maize Wheat Fut, May No. 3 Hard Wint	£152v £193.78	+10.50	£149 £117.
,	OTHERS			
	Corree Ft. May	.1975.6 22247.6		E2176 E2445
	Gas Oil April Rubber Ikilo)	57.60c \$231.6 66.5p	+ 0.85	67.50 \$221 66p
	Sugar (raw) Wooltops 64s	108.5w 482 pkilo	-30	8110 815pk
•	# Unquoted,	w April-	May.	x Apr

	months	-Me ming: E4,350.   5, 50. Afte	(erb: maar	h £4,315; Three mo : Three m Furnover:	
5	NICKEL	a.m. Official	± or	p.m. Unofficial	+
	6pct 6 months	4315-20 4340-50	+80 +70	4320-70 4375-80	Ļ

# COCOA

i <sup>r</sup> s to \$320½-321½ on the n market yesterday. It s1 \$328-328½, just short peak of \$3284-328½, but	to and the sumers or mivetent current lev activity not	riding future of day hear of produce to enter the end the end the end the end the end the end was near the e	the lo	ws, ere arker phy ond
d as the deliar showed	COCOA	Yesterday's Close		
The metal was fixed at moming and \$321,10 in		£ per tonne	-	Do
It felt to a low of \$317- ng pressure assed as a out level was approached, varing also halping gold ably above the day's low.  I (firm ounce) Apr. 1	Sept	2011 2019 1973 1974 1945 1947 1873-1875 1866 1868 1866 1870 1840-1873	15.5 -3.5 -10.5 -14.0 -14.0	1988 1955 1887 1888
034-52112 (£28214-963)	Bales: C.6	24 (2,565) lo licator price	ts of 1	0 t-a



Kreg. \$36-554 (£284, 284)  uleal \$351-352 (£271-27134)  Sov. \$764-75 (£8114-6214)  wr Sov \$4514-4614 (£6714-3714)  Sov. \$7514-77 (£6114-6314)	New York close, reports Dresel, it ham. Lambert. Gains were extens as the pound remained under pre- during the sitemoon but dealings light in a £10.00 rappe.				
Eagle \$440-480 (£8604 5924) le Plat \$2864-\$8849 (£2524-\$35)	COFFEE	Yesterd'ya Close	+ or	Busin	
LVER liver was fixed 7.45p an nunce or lor spot delivery in the London on markst yeaterday at 529.55p. cant squivalents of the fixing lavels is apot 852c, dewn 14c; three-month 5c, down 14.25c; sk-month	March	2247 45 2878 80 2295-00 9275-80 4230-60	+58.0 +54.0 +54.0 +35.0	2257 8285 9310 93268 92250	
Sc. down 14.25c; six-month	22198; J	245 (2,978)	HOLE O	T 3 10	

# (CO Indicator prices (U.S. cents per pound) for March 29: Comp. delly 1973 133.72 (133.91): 15-day uvarege 133.01 (132.90). COTTON

# RUBBER PHYSICALS—Thu London merket epened slightly easier, attracted vary little Interest throughout the day and cleased quiet, raports Lawis and Peat Cleaing prices (buyers) spot 65.50p 165.50p). Muy 72.30p (72.25p), June 73.50p (73.00p).

### INDICES FINANCIAL TIMES Mar. 29 Mar. 28 M'th ago Year ago

225,22 294,94 296,45 309,87

850y  +10   \$780 650y  +16   \$605	(Been: July 1 1952 - 100)
500w   \$500 252,75x +0,76 5239,5	REUTERS
98.40 -0.05 £118.50 152v +1 £149.00 183.78 +0.50 £117.80	1895,4 1885,2 2015,6 200 (Bass: September 18 1931 = MOODY'S

<u> </u>	Mar. 29 Mar. 29 M th ago Year ago
£2175	950.1 259.6 949.2 1,080.3
67.50c	(Bess: Occember 31 1931 = 100)
5221 66p	DOW JONES
<b>5</b> 110	The state of the s

DOM 30			
Dow Mar. Jenes 29	Mar.	Month	Year
	<u>'——</u> `		
5pot 150.54 Fut. 124.25	120,28	117,45	142,95
(Base: Dece	mber 31	1974	- 1001
(0000		1014	100)

### **GRAINS** Old ctop wheat market drifted intially

to clo sbout New t from main	nproved in se steady enchange crops rail the lowe volume by Muirpec	d in feat led on to ck	beriey re lureless shipper osd stess	msised trading buying by, the
WHEA	-			RLEY
Mnth	Yesterd's	+ or	Yestardy close	+ or
May Jely Sept	185.78		116.46 98.40	-0.8

8r n- th	Sept Nov	119.75 185.78 98.20 101,46 105,20	+0.6 -0.1	98.40 9 101.88 105.05	-0.95 -0.05 +0.15 +0.05
el Id	9.50, J Nov 10 323 lo 118.45-	uly 123 1.55-1.46 ta of 1	.75-3.35, 5, Jan 11 00 toni opt 98.3	Bept 98. 05.20-5.00 ns. Baries 30 only.	30-8.00, Sales:
	norther March 148.90. Coest. 131.25. tranuhl July 11 April/J Sept 9 East 9 Franch, April April settere	n aprin 159.50, July 14 U.S. No June pmant E 188. Engli une 12 99.00, ( seat. Ma tranably 162, Bas May 1; Eaal Co	8 Ne April/N 18,05, tr 135,50 ast Cor ah Feed 3,75, A Det/Ose pment Extery: En 20,50, asst Re	Meant: U.: 1 15 per lay 147.X anablems red winte, bet. EEC 1 fob. Ap Aug/Sept 104.50, 5. No 3 ast Coast Glish Faa July/Aug at unqueb	r cant, ), June nt East er, May 135.50 Franch, ril 122, 98.50, auliers Yellow/ March/ March/ d leb, 96.50, ed,

# HGCA—Locational as-larm spot prices. Feed wheat Eastern 117.20, E. Mide 117.90. Scatland 118.00. Feed barley: E. Mide 118.80, Scotland 112.80. The UK monatery coefficient ler the week beginning Menday April 8 (baxed on HGCA calculations using feer days eschange rates) is expected to change to 0.990. Bem -

### **PIGMEAT** Feers that the Cantab strike wa of completely sattled kept the expirin pril position firm but other month are dull, reports CCST Commodities April .... 110,40 108,20 (116,40-106,00 0ally price 3,71 (3.67); 13-day average 3,78 (3.67); 15-day average 108,00 p. per kilo (de 2ales: 39 (28) lots of 50 corcsess 3,250 kg.

# POTATOES

onth	esterday olose	'a Previou	busines Dono
erii ey iv	45.50 54.50 75.00 22.00	41.90 51.50 75.30 81.60	44.50.48.50 56.50.52.00 76.50.72.80
Sales:	98.40 826 (896)	97,80   lots of 40	89,00-86,50 tonnes.

Brent firmed slightly in thin trade with most activity confined to May berrels, 8y noon EST Nymex was trading 30 cents up. Within the petrolsem products merket Gas Oil talk was thin and encertain. Prices opened wask but firmed Istar with the strong Nymes eponing. Heavy tuel supply was restricted in Nerth-Wast Eerops es a reselt of lower crude processing stomning from Ismpomry refinery shetdowns this menth, Petrolsero Argus,

Looden.	n, rettoles	to Appeal
SPOT PRICES		
	Latest	Change
CRUDE OIL-FOR	8 per barre	InqA —(I
Arab Light Arab Hesvy	27,05 27. 28,15 28. 28,40 28. 27,25 28. 27,25 28. West Euro 7 (6 per ton	15 -0.05 50 +0.175 45 +0.0275 10 +0.026 10 -0.026 10 -0.026
Premium gasoline Gas Oil Heavy fuel oil * May	1837-838	_

l oll 16	50-163 p	+1.5
Petroleum	Argus	estims ter

Petroleum Argus estimet								
GAS OIL F	TURES							
Month	Yest'dey's	+0	-					
April	8 U.S. per tonne 254,25-84,50 251,50-81,75 225,75-26,50 227,50-28,25 227,00-31,00 228,90-56,00	+8.25 +2.25 +8.25 +1.50 +3.00	251.75-29.5 227.00-24.7 224.75-24.7 225.00-25.0					
			-					

	Yesterday	+ 01	Busin
April	. 182,7-188,1 186,8-187,1 . 141,5-142,0 . 147,8-147,8	-0.46 -0,85 -0,25	155.8- 133.0- 155.9- 142.0- 147.5-

### SUGAR LONDON DAILY PRICE—Raw sugar \$108.50 (£88.00), unchanged (up III.50) u tonna for April/May delivery, White segar \$131.00, enchangud.

con- tract	prices	CIOSE	CORR	ñ,
	\$ per	tonne		A
oct	116.4-117.0 121.8-121.0 125.9-125.0 166-2-168.8 146-8-144.0	112,8-113,9 116,2-1:6,6 118,4-116,8 124,4-126,4 136,6-137,0 142,0-142,4 147,0-148,4	118,4-115,6 121,2-116,0 125,0-125,0 128,2-180,0 144,0-144,0	be or av fir
Salga: Tate ranulate £197.00 Interna-	2,000 (2,6 and Lyfe ad basis ) u tonna rtional Sug at pound	27) lots of delivery sugar was for export. ar Agreem fob un	50 tonnes, price for (£194.00) ent—(11.8.	ke 70

ordsr:	buyar.	g 2110r.	business	١.
Australl	an cents	per kg.	May 623.	Ò,
625.O.	624.0-624.	O: Jely	617. <b>5</b> , 818.	٥.
617.5-61	6.6: Oct	593.0.	96.0, 593.	O.
			603.0-803.	
Mar 215	.0. 618.0.	nil; May	620.Q. 625.	0,
nile Jul	y 626.0.	B29.0. 626	.0-625.0; O	ct
		Sales: 28		
			NO CROS	
			ouyer, sella	
			ents per k	
May out	, 313, 31	11; AUG 3	34, 536, 53 7: Dec 53	5
			1-540: Marc	
			60, 558-65	
Aug 687	572 F6	By 300,	, 575. Sale	"

# Why it would pay the West to

solve Africa's farm problems RICH COUNTRIES can boost their exports by encouraging agricultural growth in develop. Mary Cherry on an ing countries, says Dr John Mellor, director of the Interna-

Dr Mellor compares the challenge faced by Asia in the 1960s with that in Africa today. While Africa's current difficulties are greater than those in Asla two decades ago, the much greater scientific and practical know-ledge now available means there is a better chance of overcoming

the problems. To support his thesis that higher food production in poor countries leads to more imports. Dr Mellor says developing the mai countries with high rates of Africa. growth of staple food production He sa tend to have even faster rates of growth of consumption and hence increasing food imports.

The 16 developing countries with the fastest growth rates in staple food production for 1961-1976 more than doubled their net imports of food staples in that same period.

The reason for these sur-prising relationships, be says, is hat faster growth in small-scale that raster growth m small-scale farming generates increases in income that stimulate demand for employment-intensive goods and services. The edded incomes from such employment are largely spent on food which, combined with additional de-

# unusual analysis of the

tional Food Policy Research Institute, in a surprising analysis of Africa's food probfood crisis supplies.
"These relationships bold as long as people have sufficiently low incomes to spend the bulk of that income on food. Generally, broad-based, employ-ment-orientated growth does not

Following the start of British summer time, U.S. prices were too late for this edition.

all possible means of raising labour productivity, particularly during seasonal peaks. These means might include changes in crop labour profiles, changes in the combination of crops, chemical and mechanical innovations, and basic increases in yields.
"This emphasis on raising

labour productivity is in no way a call for large scale farming. In fact, since the result needed is an overall increase in labour mand from growth in other is an overall increase in labour national Food Policy Rescuences, easily surges shead of productivity, not a dualistic pat-

tern of raising productivity for just a few, the call is for smallscale farming."

Dr Mellor concludes that there must be major improvements; marginal changes will not meet the challenge. This has great implications for political decision-making, allocation of research resources to develop rapidly relevant and appropriate technologies, and foreign assistance (o better use of information.

"As new technologies profitahls to African smallholders are developed, many ancillary ment-orientated growth does not occur without vigorous growth in agriculture."

Dr Mellor says the low productivity of labour is one of the main problems in process of large investmenta in infrastructhe main problems in most of ture are needed. In Africa, even more than in Asia, the He says: "The urgency of the capacity to provide food situation calls for attention to security in rural areas is needed and that requires good infra-

MAPRICAN

structure. Similarly, the insfficiency of marketing institutions in much of Africa redures farm prires considerably: reforms is essential. African soils are generally poor, hence fertiliser must play a lerger role than in Asia.

Hard decisions about regional allocation of fertiliser distribution facilities must be made. And priority must also he given and priority must also be given to policies for rapid adoption of new technologies, he says.

The Changing World Food Situation, by John W. Mellor. Food Policy Statement. Inter-

### India aims to raise output of jute goods BY P. C. MAHANTI IN CALCUTTA

INDIAN jule goods output is adequate and a stable basis. The targeted to rise from 1.3m to current unprecedented shortage, losing strength. At the same five-year plan starting from famine, could be repeated unless either the jute acreage is An annual export target has expanded or some technological breakthrough in plant cultivation. The industry is now more

Ret, which now absorbs bearly
70 per cent production.

The industry feels that in order to expand production in line with the plan, raw just supply has to be assured on an devised light weight bags.

The U.S. and western Europe, the other two major cuatomers of high value Indiao jute goods like hessian and carpet backing, are likely to step up imports as their economics grow.

1.7m tonnes annually under the live-year plan starting from April 1.

An annual export target has been fixed at 400,000 tonnes, only slightly higher than the average during the previous five-year plan. The proposed expansion in output relies enterly on the growing domestic market, which now absorbs nearly 70 per cent production.

The industry feels that in which has created a near fibre famine, could be repeated unless either the jute acreage is expanded or some technological breakthrough in plant cultivation leading to better quality fibre is achieved.

At the moment the prospect for either of these developments does not appear to be hight, says Mr K. K. Bajoria, the chairman of the Indian Jute production.

Time industry feels that in

### OTHER MARKETS

	MEAT SMITHFIELD—Pence per pound. Bee —Scotch killed sides 74.0 to 51.0 English bledquartam 95.0 to 99.0, lore
I	SMITHFIELD—Pence per pound. See
1	English hladquartem 85.0 to 89.0, Tore
.	quarters 90.0 to 97.0 forequesters 40.0
	to 54.0. Vest—Dutch hinds and ending 124.0 to 127.0. Lamb—English small 66.0 to 66.0, medium 84.0 to 50.0
1	bound 520 to 90.0

67.5 to 69.0, PX (ne

49.8 to 59.0, 100-12015 52.0 to 58.0, 120-1601z 41.0 to 48.0. ROTTERDAM

plete. Morch 133. April 136, May 132. June 132. collers.

Wheat—(U.S. \$ por tenne). U.S. two Soil Red Winler, May 168, July 148, Aug 149, Seot 150. U.S. two Northern Spring 10 per cant outson. Aeril/May 10 168, May 167, June 186.50, July 166 50. Aun 166 50, Saot 166. U.S. nerthern Spring 15 oer cont protein. Aeril/May 10 179, May 179. Seot 177 50. U.S. throse May 179. Seot 177 50. U.S. throse May 179. June 179, July 178. Aug 177, Sopt 173. Conadian ene Western Amber Durum, April/May 197, May/Jene 187, Sept 185. Maize—(U.S. 2 per tonne). U.S. three yellow, affect 138, April 138, May 135, Juns 135, July 135.50, July/2eqt 135, Oct/Ose 129, saliers, Argentino

# CURRENCIES, MONEY and CAPITAL MARKETS

DM 3.0910, against DM 3.0930 Dealers remained concerned about possible problems io the

U.S. banking system, amid suggestions that U.S. banks bave

made less provision for bad debts involving South American ber-rowers than their German

counterparts.

8.30 am ..... 9.00 am .....

FOREIGN EXCHANGES

# Dollar recovers from bad start

weak start on the foreign exchanges yesterday. It fell to from DM 3.0825; FFr 9.47 from the lowest levels of the day in the Far East before Europe began trading, but gaioed ground on profit-taking, and the failure of the market to drive the U.S. currency below a resistance level of DM 3.0250. Later in the day demand for the dollar was ground the dollar rose to DM 3.12 the threat to oil supplies posed from DM 3.0825; FFr 9.47 from by the Gulf War. The pound fell 1‡ cents to 31.2220.81.2230, and also weakened to FFr 11.6550, and 4308.50 from Y310, but was unchaoged at DM 3.81, while improving to SVFR 3.23 from SWFr 3.2150.

STERLING — Trading range against the dollar in 1985 is \$1.2390 to \$1.0525. March average \$1.1260. Exchange rate index the lowest levels of the day in the Far East before Europe began trading, but gaioed ground on profit-taking, and the failure of the market to drive the U.S. currency below a resistance level of DM 3.0250. Later in the day demand for the dollar was encouraged when it broke shove another resistance point of DM 3.0950, and it closed slightly below the highest levels of the day. Trading was this on the first day of a new quarter, ahead day. Trading was thio oo the first day of a oew quarter, ahead of the Easter boliday, with the market little moved by a fall of 0.2 per cent in February U.S. factory orders, after a revised 0.2 per cent Jaouary rise, and an iocrease of 1.4 per cent in February construction spending, compared with a revised 2.8 per cent rise in January. Underlying sentiment remained concerned about problems in the U.S. hanking system and fears about the ability of South American debtors to repay loans.

These factors suggest the possibility of lower U.S. inteerst rates, but on the other hand the Federal fuods rate was firm in New York at 81¢ per cent.

Against a rather oervous back-

Supersisting declined at 2.00 pm.

stronger declined supersisting declined supersisting

at 2.00 pm.

Sterling decliced against the stronger dollar, but atherwise the dollar, after the U.S. curreccy came usder pressure in the Far East. The dellar was never lower

Belgian Franc ...

9anish Krone ...

German O.Mark
French Franc ...

Dutch Guilder ...

Irish Punt .....

Italian Ura ..... ±1.5622 ±1.6419 ±1.1475 ±1.3669 ±1.5171 ±1.6703 ±4.0410

POUND SPOT-FORWARD AGAINST POUND

7. Three p.s. Three p.s. Three months
4.86 1.27-1.22pm
3.41 1.21-0.37pm
6.86 7-5pm
3.30 80-41pm
3.52 87-64pm
-19.68 515-1505d
-0.85 10pm-30ds
-0.74 7-13dls
0.89 27-2pm
-19.68 515-1505d
-0.85 27-2pm
-19.68 515-1505d
-0.85 67-5pm
-19.68 67-5pm \$\frac{1}{1.290-1.2470}\$ 1.2220-1.2230 \ 0.51-0.486 pm \ 0.51-0.486 pm \ 0.570-38c pm \ 0.570-38

Beigien rate is for convertible frence. Financial frenc 76.95-77.95. Six-month lorward dollar 1.75-1.70c pm. 12-month 1.85-1.70c pm.

OTHER CURRENCIES

Rote Rates 26.70.27.00 76.85.77.75 15.97.13.71 11.57.11.70 5.79.3.83 2425.2490 519.914 4.284.34 10.87.11.96 210.885 2091a.220 10.97.11.06 5.22.3.25

showed small mixed changes, sup-ported by interest rate differen-tials, in favour of London, and DM 3.0350. A reaction to last

EMS EUROPEAN CURRENCY UNIT RATES

Changes are for Ecu, therefore positive change denotes weak currency, Adjustment calculated by Financial Times

DOLLAR SPOT-FORWARD AGAINST DOLLAR 

**CURRENCY MOVEMENTS** 

Steriing
U.S. doliar.
Canadian doliar.
Aestrian schilling
Beigian Irano
Danish Kroner
Destsche mark.
Swiss franc.
Guilder
French Tranc. 77.2 145.6 88.2 111.7 89.5 77.8 181.5 138.9 111.9 64.7 45.5 164.8 -- 12.9 Morean Guaranty changes: average 7980-1982=100. Bank of England Index

(base average 1975≈100).

**CURRENCY RATES** Canadian 5 Austria 5ch, Belgian Fr... Danish Kr... Omark ...... Guilder ..... French Fr... 41<sub>2</sub> 91.6113 11 91.5598 7 10.9199 44 5.05918

### **EXCHANGE CROSS RATES**

.April - 2	Pound-String	U.S. Dollar	j Deutschem k	.J' panose Yen	FrenchFranc	Swiss Franc	Dutch Gulld,	Italian Lira	Canada Dollar	Belgian Franc
Pound Starling		1.225	# 3.000 3.117	308.6 252.4	9.481	2.642	4,288 3,507	2421. 1980.	1.670 1.356	76.45 52,54
Deutschemark Japanese Yen 1,000	0.262 5.241	0.321 <b>5.96</b> 3	12,35	90,27 1000,	3.042 37,67	0,848 19,47	1.126 13,90	635.5 7846.	0.488 5.415	20,97 247,8
French Franc 10	0,863 0,310	1,095 0.578	5,267 1,150	266.R 95,51	19. 3.588	2,787 1.	9.6 <del>9</del> 9 1,327	2088. 794.4	1,441 9,517	65.95 23,57
Dutch Clider Italian Lira 1000	0.235 9.415	9,285 0,805	0,829	71.28 127.6	2.703 4,788	0,793 1,334	1.771	564,5 1000.	0,590 0,690	17.83 51,58
Consdian Dollar Belgian Franc 100	0.599 1.308	9.739	2,281 · 4,964	184.7 408.5	e.940 19.19	1.934 4.229	2,567 5.606	1449 81 <del>66</del> .	2,184	45,78 100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Apr. 1	Starling	U.S. Dollar	Canadian Dollar	Dutch Oulder	Swiss Franc	D-mark	French Franc	italian Lira	Seiglas Conv.	Franc Fin.	Yan	Danish Krone
Short-term 7 day's notice Month Three months Stx months One year	15 6-15 6 19 6-15 6 12 12 12 5	844 844 859 834 659 859 947 945 944 915 1919 1014	24-194 24-105 104-107 106-197 197-115 114-114	93g-93g 94g-93g - 64g-642 97g-7 642-74g 7-71g	118-139 214-254 518-914 516-515 516-515 516-916	959-534 949-544 543-543 679-673 873-673 673-673	106g-193g 105g-193g -195g-105g 197g-11 11-11-15 116g-111g	151 <sub>2</sub> -141 <sub>8</sub> 141 <sub>4</sub> -191 <sub>4</sub> 143 <sub>6</sub> -191 <sub>8</sub> 143 <sub>6</sub> -161 <sub>9</sub> 15-193 <sub>6</sub> 193 <sub>6</sub> -193 <sub>4</sub>	9/8-19/2 19/4-11/8 10/4-10/2 19/4-19/4 19/4-19/4 19/4-10/6	191 <sub>8</sub> 103 <sub>8</sub> 191 <sub>4</sub> -101 <sub>2</sub> 193 <sub>8</sub> -105 <sub>8</sub> 194 <sub>9</sub> -105 <sub>8</sub> 191 <sub>8</sub> -193 <sub>4</sub> 101 <sub>4</sub> -11	54.91. 64.616 64.636 64.636 64.646	11:5;-11:7; 11:11:2; 11:11:2; 19:7;-11:5; 10:3;-11:4; 19:7;:11:5;

Asian 5 (closing rates in Singapors): Short-term 8<sup>12</sup>/<sub>2</sub>-8<sup>12</sup>/<sub>2</sub> per cent; seven days 8<sup>12</sup>/<sub>2</sub>-8<sup>12</sup>/<sub>2</sub> per cent; one-month 8<sup>12</sup>/<sub>2</sub>-8<sup>13</sup>/<sub>2</sub> per cent; three years 10<sup>2</sup>/<sub>2</sub>-10<sup>3</sup>/<sub>2</sub> per cent; lour years 11<sup>2</sup>/<sub>2</sub>-12 per cent; three years 11<sup>2</sup>/<sub>2</sub>-11<sup>2</sup>/<sub>2</sub> per cent; one year 10<sup>2</sup>/<sub>2</sub>-10<sup>3</sup>/<sub>2</sub> per cent; flow years 12-12<sup>3</sup>/<sub>2</sub> per cent; nominal, Short-term retes are call for U.S. dollars and Japonese yen; others two days notice.

### MONEY MARKETS =

# UK short term rates softer

Short-term interest rates were lower in London yesterday as the authorities acted to bring the cost of sbort dated loans more into line with rates quoted out to one year. Consequently pressure increased on the two reduce their base lending rates to 13 per cent as one week interbank money finished the day at 13 per cent, baving been as light as 14 per cent, baving been as fillow and comprised purchases of eligible bank bills at 12 per cent, baving been as of £103m of eligible bank bills at 12 per cent, baving been as of £103m of eligible bank bills at 12 per cent, baving been as of £103m of eligible bank bills at 12 per cent, unwinding of previous sals 20d in band 1 (up to 14 days) at 12; per cent and £59m in band 2 additional bein the morning band 3 (34-63 days) it beught 512m of eligible bank bills at 12 per cent and £59m of eligible bank bills in band 1 at 12 per cent and £64m in hand at 2 t 12 per cent. In the afternoon the Bank bought £63m of eligible bank bills in band 2 at 12 per cent and £64m in hand at 2 t 12 per cent. In the afternoon the Bank bought £63m of eligible bank bills at 12 per cent, unwinding of previous sals 20d in band 1 (up to 14 days) at 12 per cent and £59m in band 2 additional bein in the morning bean 3 (34-63 days) it beught forward fil60m above 12 per cent and £64m in hand at 2 t 12 per cent. In the afternoon the Bank bills in band 2 at 12 per cent and £64m in hand at 2 t 12 per cent. In the afternoon the Bank bills in band 2 at 12 per cent. In the afternoon the Bank bills in band 2 (64-91 days) at 12 per cent and £69m. This was made op 9 for eligible bank bills in band 1 (10 per cent and £59m in band 2 (64-91 days) at 12 per cent. In the afternoon the Bank bills in band 2 (64-91 days) at 12 per cent and £64m in hand at 2 t 12 per cent. In the afternoon the Bank bills in band 2 at 12 per cent and £64m in hand at 2 t 12 per cent. In the afternoon the Bank bills in band 2 at 12 per cent. In the afternoon the Bank bills in band 2 at 12 per cent. In the afternoon the Bank bills in band 2 more into line with rates qualed out to one year. Consequently pressure increased on the Iwe remaining clearing baoks to reduce their base lending rates to 13 per cent as one week interbank meney ficished the day at 13-13; per cent, baving been as high as 14 per cent on Friday. Overnight movey reacted in much the same way as the Bank ensured a good supply of credit ensured a good supply of credit on the day's projected shortage. Overnight funds spened at 13]-13% per cent and eased to 9 per

UK clearing banks base lending rate 13-13; per cent since March 29

ceot before rising oo a little late demand to 11 per cent. Longer ferm rates tended to edge up slightly as aterling came back from the day's highs. Three mooth interbank mooey rose to 131 per ceot from 131 per ceot and six menth t 124 per cent at the close from 124 per cent.

The Bank of England forecast shortage of around £800m with factors affecting the market iocluding matering assistance and a take up of Treasury bills to-gether draining £762m and the

### FT LONDON INTERBANK FIXING

(11,00 a.m. April 1) Three months U.S. dollars offer 2 1/16 bld 8 15:15 Six months U.S. dollars

The fixing rates are the erithmetic means, tounded to In6 nearest enemiateenth, of the bid and offered rates for \$10m quoted by the market to five reference banks at 11 am each working day. The bonks are National Westmonter Bank, Bank of Tokyo, Deutsche Bank, Banquo Nationals ds Peris and Morgan Guaranty Trust.

Mc 94.8

 $\S_{\mathbb{R}^{n-1}}$ 

MONEY RATES

Tokyo | Milan | Brussele | Dublin Frankfurt | Paris | Zurieh | Amst'dam | 1919-1574 7.26 144-1419 15-1516 1919-1919 14-1414 178-218 6-1-6-3 15%-19% | 105e-10% | 101g-10% 912-65 634-678 676-7

Discount Houses Deposit and Bill Rates LONDON MONEY RATES 191g-131g 163g-14 135g-197g 191g 135g 2-15 131-1378 1559-1854 1514 1514 1514 1814 1512-1574 1812-1514 1316-1515 1316-1515 1316-1316 1932-1266 1812-1814 12-1275 12 14 19 14 12 16 195 186 124 154 194 127 125 134 124 123 127 134 115 117 117 116 124

	Local Auth. negotiebie bonds	Local Authority Deposits	Finance House Ceposits	of	SDR Linked Deposits	ECU Unked Deposits
One months	15% 13% 15% 194 13.19% 19% 194 12% 19%	115	151g 134 121g 1914	8,65.8,79 8,75.8,89 8,9.8,0 9,5.2,4 9,6.9,7 10,05.10,15	814-674 814-674	911-10-10-10-10-10-10-10-10-10-10-10-10-1

ECGO Fixed Rate Export Finance IV: Average Rate of Interest period February 8 to March 5 1985 (Inclusive): 13.883 per sent. Local sutherities and finance houses seven days' notice, others seven days' fised. Finance Houses Sase Rate (published by the Finance Houses Association): 14 per cent from Aoril 1, 1985. London and Scottish Clearing Bank Rates for lending 12-13's per cent. London bepost Rates for sums at savid days' notice 10's-10's per cent. Treasury Billis: Average tender rates of discount 12-2371 per cent. Cartificates of Tax Deposit (Saries 9): Deposits £100.000 and over taild under one month 13's per cent cent threaset months 12's per cent threaten months 12's per cent sis-nine something months 12

MONEY RATES NEW YORK (Lunchtime) Treasury Bills One-month:

991s 1001, 1001s 1002s 972s 962s

### **FINANCIAL FUTURES**

### week's sharp fall and some com Late fall mercial demand, was reported to be behind the dellar's recovery, and it closed at DM \$.1115 in Frankfurt, compared with Frankfurt, compared with DM 3.0895 oo Friday. The Bundesbank did not intervene when the dellar was fixed at

there appear to be very little to go for with UK interest rates consolidating somewhat after two recent reductions in UK

STERLING EXCHANGE RATE INDEX LONDON April 1 Previous 78.0 77.8

June 90.18 90.24 90.17
Sept 85.56 83.54 89.56
Dec 99.11 89.19 89.12
March 89.78 88.89 89.89
Est volume 3.281 (5.933)
Previous day's open int 15.5557 £ in New York Close High Low Pre
June 88.18 88.43 88.12 85.4
Sept 98.90 89.00 89.90 89.1
Dec 88.94 89.06 89.1
Alarch 88.92 — 89.1
June 88.92 — 89.1
Est votume 1.192 (1,065)
Previous day's Open Int 6.789 (5,667 April 1 \$1,2265-1,2215 \$1,2478-1,2506 h 10,50-0,48pm \$9.50-0,48pm hs,1,27-1,23pm 11,21-1,19pm hs,1,251,70pm 11,701,80pm 20-YEAR 12% NOTIONAL GILT £50,0 32nds of 100%

77.8 78.0 77.9

STERLING E25,000 5 per £ Close High Low R 1.2140 1.2316 1.2100 1.2 pt 1.2070 1.2255 1.2050 1.2 c 1.2060 — 1.2 c volume 767 (43) vrious day's open int — (6.740) DEUTSCHE MARKS DM 125,000 \$ p

Une 9.3233 0 3271 0.3229 0.32 Sept 8.3281 - 0.32 Est votume 57 (29) Previous day's open lett 325 (325) SWISS FRANCS SWFr 125,000 5 p JAPANESE YEN Y125m \$ per Y100

Close High Low 68-19 69-23 63-16 68-18

Prices fell in the Loddoo clearing hank base rates.
International Financial Futures
Exchange yesterday to rather quiet and featureless trading, news of a fall in U.S. factory proximity of the long Easter orders or a rise in construction break in London was already the previous recorded figure. the previous recorded figure Consequently values were Consequently values were coarked down, more noticeably alter the start of trading in Chicago and the June Euro-dollar contract finished at 90.18

down from 90.26 on Friday. The June gilt price speed at 106-28, unchanged from the previous close but drifted geotly during the morning before falling away sharply to finish at 106-13.

Short sterling reacted in much short sterling reacted in much the same way with the softer trend accelerated as sterling retreated from the day's highs. The June price opened at 88.42 and closed just above the day's low of 88.12 at 88.13 down from

-	88.45	00 Frid	ay.	i, agwn	irom
45 12 15	СНК	CAGO			1
19 10		REASURY 0 32nds	BONDS	(CBT)	9%
n		Latest	High	Low	Prev
<u></u>	June	69-25	69-26	69-14	69-23
	Sept	68-27 68-00	65-29	68-17	68-25
W	March	67-08	68-02 67-08	67-20 67-05	67-31 67-07
28	June	86-18	66-18	66-12	66-19
12	Sept	65-31	65-31	65-23	65-31
14 03	Dec	<b>65-13</b>	65-13	65-08	68-13
00	March	64-13	64-13	64-09	64-29 64-14
9)	Sept	04-17	04-13	94-09	04-14
7	Dec	_	_	_	63-21
연 12	U.S. 1	REASUR	Y SILLS	(MMI)	
12	points	at 100%			<b>3</b> 110
-		Intest	High	Low	Prev
_	June	91.41	91.43	91.35	91.41
٩V	Sept	50.00	00.91	90.83	90.89
90 38	Dec		00.51	90.45	80.50
28 28	Merch	00,20	90.21	90.18	00.22
	June Sept	9.83	00,00	89.98 89.83	90.02 89.85
	Dec	89.63	=	89.63	89.67
~	March	-	_		89.52
	CERT	DEPOSIT	(IMM)	61	ints of
-	100%	CEPUSIT	(Index)	arm be	ALIE DI
52		Latest	High	Low	Phone
80	June	90.54	90.65	\$0.58	00.65
	Sept	89.98	89.96	89.53	B9 67
	Dec	89.50	89,52	89.45	89.50
er	March	89.16	89,18	89.12	91.23
	THREE-	MONTH	EURODO	ILAR (I	MM)
v	\$1m p	pints of	100%		
57		Latest	High	Low	Prev
	June	90.22	00.24	90.16	90 23
_	Sept	~	89,60	89.54	89.58
_	Dec	~~~	89,14	89.07	89.13
v	March Jene	88.77	88.50	86.75	88.79
39	Sept	88,25	88.26	88.49 88.24	88.28
39 29	Dec	-	00.25	90.24	90.20
	March	-	_	_	87.87
)	STERLI	NG (IMB	//) Se p		
×	O I EDTI		<u> </u>	er £	
		Latest	High	Low	Prev
~	June Sept	1.2105	1.2160 1.2100	1.2085	1,2320 1,2270
Ď	Cept	1 2045	1.2700	1 2020	1 2205

Close High Low Pre June 0.3832 — 8.384 Est volume nil (nil) Pravious day's open int 157 (157) Close High Low Pro 0.398 — — 0.395 — — 0.462 volume nil (300) — — 0.462 volume nil (300) — — 0.462 volume nil (300) June 127.90 128.05 127.45 127.40 Sept 128.40 — 127.90 Est volume 121 (330) Previous day's open int 1.548 (1.548) U.S. TREASURY BONDS B% \$100,000

GNMA (CBT) 6% \$100,000 32nds of High \$9-11 68-20 68-27 68-14 69-00 68-19 67-22

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CLASSIFIED ADVERTISEMENT RATES

# **E** WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on April 1, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available: (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (in) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (a) official rate; (sg) selling rate; (c) controlled rate; (n) unified rate.

COUNTRY	GURRENCY	VALUE OF & STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLIHO	COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	29,00	Oreenland	Danish Kroner	19,6350	Peru	Sol .	exe(A)19,000t 21.40
Albania	Lek	19.32	Granada	E. Caribbean e	3,35 11,59	Philippines	(£ Sterling	_
Algeria	Olpar	(A) 9.69 11.59	Guadaloupe	LIS. 9	1.2229	Pitosira telands	New Zealand 5	9.6550
Andorra	Propiet Berete	911.98 (CM: 59,316	Duatemaia	Quetzal	1.2229	100		
Angela	Kwanza.	(CM) 59.51C	Guinez	Syti	80.90 108.95	Poland	Zioty	168.07
Antigua	E. Caribbaan \$	5.38	Cuyana	CINEDATE R	5,1979	Portugel	PortugueseEscudo U.S. 9	919.62
Argentina	Hew Peso	342.19				Puerto Rico	U.S. 9	1.2285
Australla	Australian 5 Schilling Portuga'se Escudo	1,8020	Haiti	Gourde	9.1B	Qatar	Control Dunt	4,4219
Austria	Schilling	96.59 210.63	Honderas	Lampira	2.46 9.63	44.01	WALLET TO ALL	7,7410
Azores	Portuga'sa Escudo	1 2225	HOUR KOUR-	H.R. Q		Reunion island	French Franc	11.59
Azores	Oinar .	1.2225 9,4680	Hungary	Forint	58,51	Romania		(Cm: 9.95
Balearic Isles	Spa Peseta	211.45 32.9 9.48			50.97	NO MALINA	LEU	(R/C) 19,55
Bangladesh	Taka	32.9	toeland	Ind. Rugen	15.15	Rwanda	Rwanda Franc	121,83
Barbados	paromos a	(cm) 76.45	Indonesia	Rupiah	15,15 1,559,45	St. Ohristopher	E. Caribbean \$	8.35
Retailin	B. FIRTO	(om) 76.45 (1m) 77.00	Iran	Rigi	114.80(sg)	St. Helena	St Hetena £	1.0 9.53
Beilze	BS	9.48 979.50	trad	Ireal Maer	0.39	St. Lucia	E. Caribbean 5	9,53
Bening	Date &	1,2296	iraq irish Republic israel haly ivory Coast	Irish £	1.9170	St. Vincent	E. Caribbean S	11.69 3.35
Rhutan.	Indian Rupee	15.15	EFRE	Shekel	865,85 9,429,59 879,60	Samos American San Marino Sao Tome & Prin	U.S. 9	1.8225
Bolivia	Ralivien Peen	(u)59,395.0¢	taly	Lira	9,429.59	San Marino	Italian Lira	2,402,50
DOING	Dule Care	9.151e			219,00	Sao Tome & Prin_	Dobra	55.81
Botswane Brazil Brit. Virgin isles	Cruzeiro!!	9.451.59	Jamajoa Japan Jordan	Jamaica Collar	9,576(99)	Co	Court Day	
Brit. Virgin isles	U.S. #	9,451.59 1,2285	Japan	Yen	609.50 0.499	Sanegal	C.E.A. Franc	4,41 679,50
Brunel	Brunel &	9.74	Jordan	Jordanian Ciner	0,489	Senegai 9sychelles Seirra Leone	9. Rupee	9.99
Bulgaria	Lev	1.2144	Kampuchea	Riel	N/A	Seirra Leone	Leone	9,99 (O) 7.05
Burieno Faso	C.F.A. Franc	e79.50	Kenya Kiribati Korea (Nth) Korea (Sth) Kuwait	Kenya Shilling	N/A 19.86 1.9020	1 SIDGS DOCS	Singanore 5	2.74 1.7065
Burma	Rugundi Franc	8.7091 145.98	Kiribati	Australian \$	1.8020	Solomon Islands Somali Republic	Somall Skilling	45.05
BUTU TO LI.,	Difficult Limits		Korea (Nth)	Won	1.57(II) 1061,16†	South Africa	Rand	2,37
Carnercon	C.F.A. Franc	579,50	Kuwait	Kuwaiti Ginar	0,3695	Spain	Peseta	211.96
Canada	Canadian 6	1.67				Spanish ports in Horth Africa Bri Lanka Sudan Republic Surinam Swazilend	Decete	911.85
Canary Islands	Cane V. Escurio	211.95 109.99	Lebanon, Lesotho	New Kip	45.09 22.99	Bri Lanka	S. L. Rupee	99.80
Cayman Islands	Cay, is. 6	1.03 e72 60	Leganon,	Mejuti	9.37	Sudan Republic	Sudan É (u)	3.08
Cent. Afr. Republic	C.F.A. Franc	672 60	t lberin	Liberian 3	1,9225	Surinam	S. Oulider	2.20 9.37
Carneroon Canada Canary Islanda Canary Islanda Cape Verds Is Cayman Islands Cent. Afr. Republic Chaid Chilo Chilo Chilo Colombia Gongo (Brazzyille)	C.F.A. Pranc	579,60 180,08	LibyaLibya	Libyan Olnar	0,36 9,96	Sweden	S. Krons	10,8450
Chips	Renminal Yuan	5,5205	Liechtenstein	SWISS FRANC	77.00	Switzerland	Swiss Fran-	6 00
Colombia	Col. Pago	(F) 151.15	Luxembourg	FRY LIMIO		Sweden Switzeriand Syria	Syrian £	(A) m
Comorp Islands	C.F.A. Pranc	572,99	Macao	Pataca	10,00			(CM) 4-os
Gongo (Brazzville).	C.F.A. Franc	979.50	Madeira	Portug'se Escudo	919.68	Talwan	New Talwan \$	48,84
Costa Rica	Colott	(U) 60.23	Malagasy Republis	MG Frano	775,25 1,8085	Tenzante	Ter. Shuung	91.97 33.30
Costa Rica	Cuban Peso	1.18	Madeira	Dispoil	9.19	Thailand	C.F.A. France	979.50
Cyprus	Cyprus &	0.8800	- manayanan manan	toulder.		Tonga Islands	Pelange	1 9000
Czechoslovekia	Vorume	(com) 8.19	Maldive Islands	Ruffysa	8.68	Trinidad	Trinided & Tob \$	B.87
		15.74	Mali Republic	C.F.A. Franc	979,50 0,58	Tuniela	Tunislan Dinar	1.02(sg) 598,29
Denmark	Danish Kroner	13,6359	Malta	Mariese 2	11.69	Turkey Turks & Gelcos	I UTKISH LITA II S. P.	1.2225
D1:56Utl	Dilboou Franc	B10.0_	I Materitania	Ouguiva	82.61	Tuvalu	Australian 5	1.5020
Dominica	E. Caribbean \$	3.33 ((0) 1.2825	Mauritlus	M. Rupee	19.525			
Dominican Repob.	Dominican Paso	(4.18 (7)	Mexico		(F) 299.15	Uganda	Uganda Shiffing	707,eg
and the same		( (O) 82.1ê			(C) 251.28	to the desired		
Ecuador	Sucre	( (F) 147,18	Miquolon	LOGAL FRANC	11.59	United States	Uniques Page	1,8295 115,455
Egypt	Founding P	( 0,0175(14)	Mongolia	Turnetk	4.55 (11)	Utd.Arab Emirates	U.A.E. Dirham	4,4899
E21 P C	eg) pacti w	1.4700 (8)	Montserrat	E. Caribbean 5	3.53	U.S.S.R	Rouble	1.0457
El Salvador,	Colon	(F) 4.8650	Morocco	Oirham	11.40 (sg)			
Equatorial Guinea.	Ekuele	679,50	Mozembique	Metical	(A) 54.52	Venuate	V6tu	159.10
Ethiopia	Ethopian Sirr	9,5150	Namibia	Australian Coller	2.37 . 1.8020	Vatican	ITALIBA LIFA	9,420.60
Faikland klands	Faikland to, £	1.0	Nauru	Napplace Rupee	B5.43	Veliezuela	Bolivar	(4) 5.30 (5) 8.25
Faros (stands	Danish Kroner	15.6350	Nethorlands	Culider	4,9875	,		(e) 16.06
Fiji blands	Markey	1. <del>1460</del> 7.94	NetherlandAntilles	Anutitan Guilder	2,22			
		1,07	New Zealand	N.Z. Dollar	2.8550	Vietnam	Dong	(0) 13.03
France	French Franc	11,98	Nicaragua	Cordoba	100 NIA	Virgin Island U.S	U.S. DOLEF	1.222ê
French C ty IB A1	C.F.A. Franc	979,90	Niger Republic	C.F.A. Franc	579.90		Onman T-to	
French Gulana	LOCAL FIERD	11.58	Niger Republic	Naira.	1.125091 isou	Western Samoz	STUCKY 1318	(A) 8,70
Cobon	OFA France .	208.0 572.50	Norwey Oman Sel'ate of	Norwegian Krone	10 945D		Rval	8.11 (sg)
Gambla	Dalasi	5.00	Oman Sel'ate of	RIBLI OMONI	0,4290 18,20	Yemen (Nthl	& Yemen Cinar	0.49
Germany (East)	Ostmark	3.61	Pekistan	Rathrae	1.B225	Yugoslavia	Naw Y Dinas	515,5785
French Guiana	Dautsche Mark	5,81	Papua N. Geinea	Kina	1,2590			
Cibra Itar		e1.25			( 293,64(10)	Zaire Republic Zambia Zimbabwe	Zaire Vumeha	e7.2785
LUMPS IVE	GIDLETTY =	1.0	Paraguay	Charen	544,575(7)	CALLIDIE	VAROUE _	2,70
0 reece	Orachma	195.26	1 , my thank manner	Anami	409.66(12)	Timbahwa	7 Mhahwa K	1.8875

3

# Sony offering wins race to open Europen convertible bond market

BY OUR EUROMARKETS STAFF

THE EUROYEN convertible bond has a 10-year life, but a higher 2½ market got off to a flying start yesmarket got off to a flying start yesterday with three issues launched. First, in a photo-finish, was a Y30bn deal for Sony. The market has opened up after the repeal effective yesterday of the 20 per cent withholding tax payable by Japanese companies on bond issues sold to foreign residents.

Sony's issue, led by Nomura International, has a 15-year life and a 2 per cent coupon - lower than levels in the domestic market. The expected conversion premium is 5 per cent. The deal was trading well, bid at the par issue price, and fees totalled 2½ per cent.

The issue was launched simultaneously with a \$100m deal for Sony, with equity warrants, also led by Nomura International. Fees for the five-year issue totalled 24 per cent and the coupon is 74 per cent. It, too, was trading around the par

The other two Euroyen convertibles were led by Nikko Securities. for Fanuc, the machine tool business, and Nisshinbo, the textile group. The Fanuc issue raises Y20bn and has a 10-year life with an indicated 2 per cent coupon. Conversion premium is expected to he 5 per cent. The deal was trading close to the par issue price. Fees are 2%

The VI5hm Wiechinho issue also

sue fared less well, although Nikko was quoting the bonds within the 1% per cent selling concession. In the Eurodollar market, Italy launched a \$500m floating-rate note led by Credit Suisse First Boston. The issue pays interest at 1/16 per cent above one-month London interbank offerd rate (Libor) with

commissions totalling 30 basis points. There is no minimum coupon. Dealers regarded the terms as significantly too tight compared with other paper trading in the market, and considering the issue's 20-year life. The deal was quoted outside the total fees, bid at 99.65. CSFB also launched a fixed-rate issue yesterday, a \$100m five-year for Mitsui Trust Finance (Hong Kong). The coupon was set at 11% per cent and issue price at par. Traders said the deal was probably swap-driven, noting the delayed payment date of June 27 1985. They quoted the issue bid just out-

Eurodollar straight bonds were belped by an improvement in the New York bond market. Some traders reported signs of renewed, although still small, buying from Jap-anese investors now that their new financial year bas started.

side the 1% per cent total commis-

**Low** 99.840

Pearson, the British publishing and diversified industrial company whose interests include the Financial Times and Lazard Brothers, folling zero-coupon bond market. The deal, led by Lazard, has a redemption value of £100m (larger than Redland's £60m) and a seven-year life. The issue price was set higher than Redland's at 48%, giving an annual yield of 10.85 per cent. Less the 14 point commissions, the yield is 11,26 per cent

The tighter terms and the fact that the name is relatively unknown in the market left the bonds hid just outside the fees at 47%.

The Asian Development Bank launched a DM 200m 12-year deal, led by Deutsche Bank. The coupon was set at 7% per cent and issue Eurodollar straight bonds were firmer where changed yesterday, price at 99%. The issue was well received, and traded around 99, well inside the 1% per cent selling con-

200m. It was trading above its 99% Secondary market trading was

low, and prices were unchanged or slightly better. In the Swiss franc market, prices were better where changed, though here, too, turnover was low.

A private placement of equity warrants alone - the first such issue in the Swiss market - was reported to have been launched by Citicorp (Switzerland) for Toyobo, the Japanese textiles group. The 7,000 warrants, which have a fiveyear life and give the right to buy 1,000 shares each, were sold at SwFr 630 each. The warrants buy into the shares at Y270 a share. The coupons on Yokogawa Hokushin Electric's Swiss franc and uilder issues were both cut yesterday. On the SwFr 100m convertible issue, the coupon was set by Credit

Suisse at 1% per cent compared with the indicated 1% per cent. Philips launched a FI 100m private placement, led by Amro. The five-year deal bas a 71/2 per cent coupon and par issue price and was reported to be trading around 99%. In the European currency unit market Banque Paribas launched an Ecu 50m seven-year issue for ANZ Banking. The coupon was The improved tone in the D-Mark fixed at 9% per cent and the issue market allowed Escom's issue to be traded just outside the 1% per cent increased from DM 150m to DM selling concession.

INCREASING COMPETITION FORCES 'TRICENTRALISM' ON BANKS

# Towards the global capital market

CAPITAL markets are becoming firms in London in terms of the more international, just as the young average age of staff, high world's economies and currencies wage rates, and the shortage of are becoming more inter-related, space in the London property marare becoming more inter-related, according to Mr Parker Gilbert, chairman of Morgan Stanley, the private U.S. investment banking

Mr Gilbert, who was chairing the Financial Times conference on the Euromarkets in 1985 in London yes-terday, said be found it hard to identify a trend towards true global markets where prices are established by supply and demand worldwide and not predominantly from a single domestic market.

New issues, he said, would still be aimed at specific markets though as investors are increasingly institutional and international, firms like Morgan Stanley would require a presence in the three major markets - New York, London and Tokyo. He called for the development of a global clearing system.

Taking up the theme, Dr Michael m. chairman of Credit Suisse First Boston, said that "tricentralism" - having a presence in London, New York and Tokyo would be forced on any firm which in the international capital markets wanted to be a major player in the in recent years. Dr Benito Raul Lo-

international capital markets. He predicted a further growth in the number of financial products available which would require firms He also said that, because of intense competition, a new product would have a shorter life as a profi-table business than in the past and that margins would be under fur-

He also outlined problems facing

ket. He warned of a feeling of "smug self-congratulation" among

Turning to the role of the yen in the international capital markets, Dr David Mulford, Assistant Secretary for International Affairs at the U.S. Treasury, said that the deregulation of the yen markets over the past 10 months had resulted in a stronger Japanese currency than might have otherwise appeared. Al-though the yen had fallen since the yen/dollar agreement of May 1984, it had risen against European cur-

The motive for the accord had been the hope that the yen could more fully reflect Japan's import-ance in the world economy. Dr Mulford believed that the deregulation of the Euroyen market had been the best way to approach the issue, and that deregulation of the domestic yen bond markets would follow. The Latin American debt crisis

had been a major cause of concern sada, president of the Banco Central de Venezuela, outlined his country's recovery since the crisis, which was triggered in 1982 by the to have more specialists and to in-fall in oil prices. Venezuela's bal-crease their sales and trading staff. ance of payments, which had deteriorated to a \$4.2bn deficit on current account, is in surplus again at 54.4bn in 1984. A halving of imports, a devaluation of the bolivar and increased exports had been important factors behind the recovery. The country had been able to keep inflaFINANCIAL TIMES

**Euromarkets** in 1985 CONFERENCE

tion in check, unlike other Latin American countries. Now the aim was to stimulate growth once more. Similarly the rest of Latin America was also beginning to show signs of coming out of the deep recession, and debt reschedulings had been achieved thanks to improved current account belances The recovery could still be upset, though, if export markets did not remain healthy or if dollar interest rates rose

The question of an international primary market in equities was addressed by Mr Andrew Large, chief executive of Swiss Bank Corpora-tion International. He felt that in 10 years' time there could be "an international market both for the issuing and trading of equities, which

rivals today's Eurobond market."
So far the domestic issuing syndicates had largely excluded foreign members, while shareholders had been keen to guard their "pre-emption rights" - the right to have new shares offered first to them. However, issues such as British Telecom, Reuters and Esselte had been successful and there was proven demand outside domestic share markets for equities.

Mr Sven Wallgren, president of Esselte, explained why his company - a Swedish-based business - of these changes.

had decided to sell shares interna-tionally. The group's oversuas activities had expanded in the past 10 years, partly by acquisitions, and the balance sheet had as a result become hurdened by debt. A listing on foreign stock exchanges would allow the company to use shares to make further acquisitions.

The sale of shares in an Esselte subsidiary, a halding company for the overseas businesses, had been successful both inside and outside the U.S. Mr Wallgren said the "major benefits to be gained from the internationalisation of the equity markets were the provision of better investor opportunities, coupled with access to wider equity capital

Mr Robert Mauchin, partner of Goldman Sachs in charge of equity trading, said that London bad the opportunity to become substantially more important as a financial cen tre in the next few years. The changes in the stock exchange were more dramatic than they had been in New York, where a gradual process towards negotiated commissions had occurred. But he felt that the changes would not be as revolu-

tionary as some people feared.

Mr John Browne, group freasurer of British Petroleum, spoke about the way the changes in the capital markets affected companies. He saw a much wider variety of markets and instruments open to companies. But he said there had also been an increase in price volatility in the stock markets, and in currency trading, but the world's fiscal authorities had not kept pace with the changes and the tax consequences

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### FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for April 1. Amer Credit 12% B8 Austria Rep 13% 92 Bank Of Yokyo 12% 92 Bank Of Yokyo 13% 91 BP Capetal 11% 92 Calese Nat Tete 13% 91 Cacadian Pac 12½ 99 CSS Icc 11% 92 Cheeron U.S.A. 121, 89 Creditsessati 13% 91 Dermark Kingdom 13 % 91 E.D.G. 111-y. 89 CS IC Indust 121-y. 95 CS IGB Illmin N.V. 12 82 CS Mart I Urban 111-y. 95 CS Gro Unid Bit 101-y. 93 ECU World Bit 101-y. 94 ECU World Bit 101-y. 94 ECU World Bit 101-y. 94 ECU Algemence Bit 71-y. 89 FL Amore Bank 71-y. 89 FL Dai - schi 81-y. 89 FL Charbonnages 131-y. 85 FF American Brands. 12 95 F. EEG. 111s 90
E1B. 1396
E-ler Bk Japan 131s 91
Expart Dav Corp 12 9
Exonn Capsist Corp 0 2004
Florida Fed Sev 122s 89
Ford Motor Cred 111s 95
EBM Cred 102s 2000
IBM Cred Corp 112s 87
Indiant Bk Japan 137s 91
Int.—Am Dav Bk 122s 91
August Ar Lines 133s 94
Kellogg Compeny 107s 90 Amer Express 113<sub>8</sub> 92 £ B.A.T. Int'l 183<sub>2</sub> 91 £ CBS Inc 10<sup>5</sup>e 94 £ Decimark 117<sub>8</sub> 94 £

